

# Financing Generations



Annual Report 2024 - 25



## ► **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Mr. K. Venkataraman, Chairman & Independent Director

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. Chinnasamy Ganesan, Independent Director

Mrs. Rajeswari Karthigeyan, Independent Director

Mr. V.A. Prasanth, Independent Director

### **CHIEF FINANCIAL OFFICER**

Mr. L. Muralidharan

### **COMPANY SECRETARY**

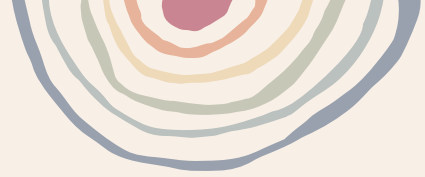
Mr. Sunil Kumar Sahu

### **STATUTORY AUDITORS**

Sundaram & Srinivasan

### **INVESTORS**

- **Muthoot Finance Ltd**
  - **Maj Invest Financial Inclusion Fund II K/S**
  - **Affirma Capital**
    - » Arum Holdings Ltd
    - » Augusta Investments Zero Pte Ltd
- 



## ► CORPORATE INFORMATION

### 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: belstar.in





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## ►► CORPORATE OVERVIEW

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## ►► ABOUT US

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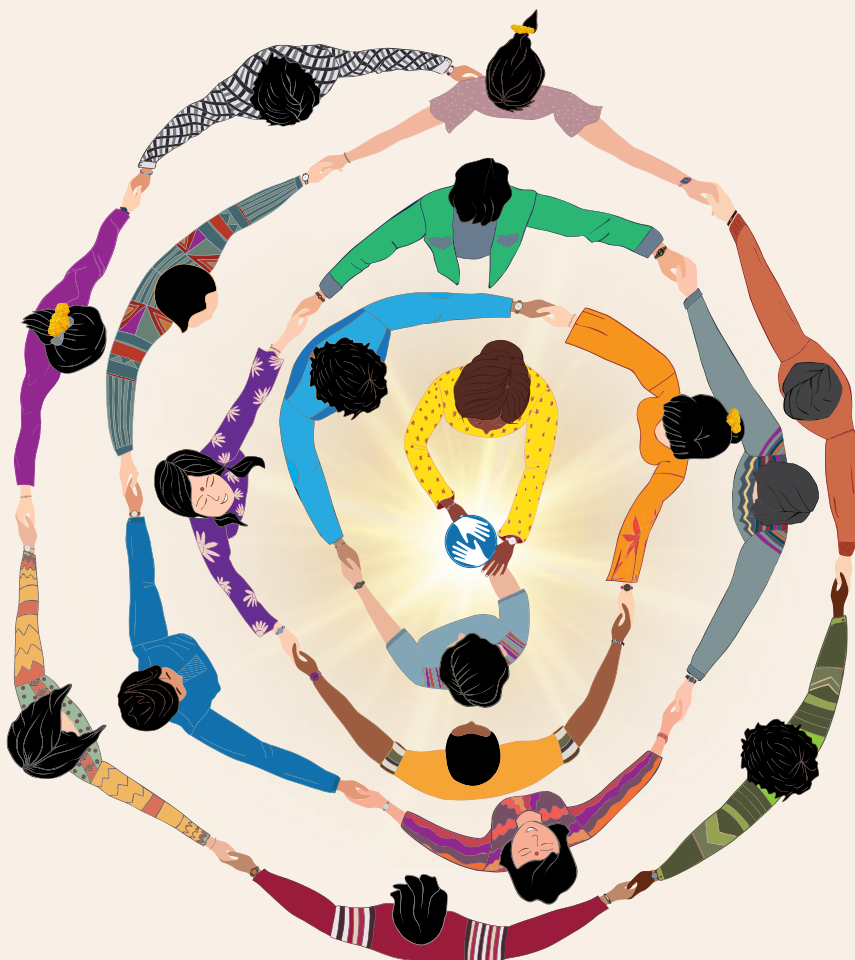
Belstar Microfinance Limited, a subsidiary of Muthoot Finance Limited, is one of the fastest growing microfinance companies in India. The company is focused on driving financial inclusion across the country by furthering entrepreneurship and economic empowerment of women and maintaining its status as a truly customer focused ethical NBFC-MFI.

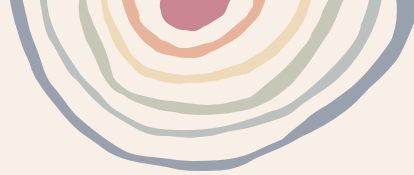
To cater to the needs of our customers, we offer a wide range of loan products, such as micro enterprise, small enterprise, consumer goods, festival, education and emergency loans.

We are one of the top 10 NBFC-MFIs, with a strong

credit rating of “AA/Stable” from CRISIL. Our operations are backed by an ISO/IEC 27001:2022 certified Information Security Management System, demonstrating our commitment to data security and governance.

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

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**Integrity**



**Professionalism**



**Transparency**



**Teamwork**



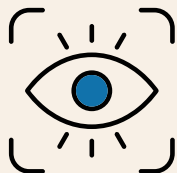
**Accountability**



**Passion**



**Empathy**



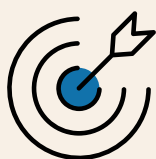
### OUR VISION

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.

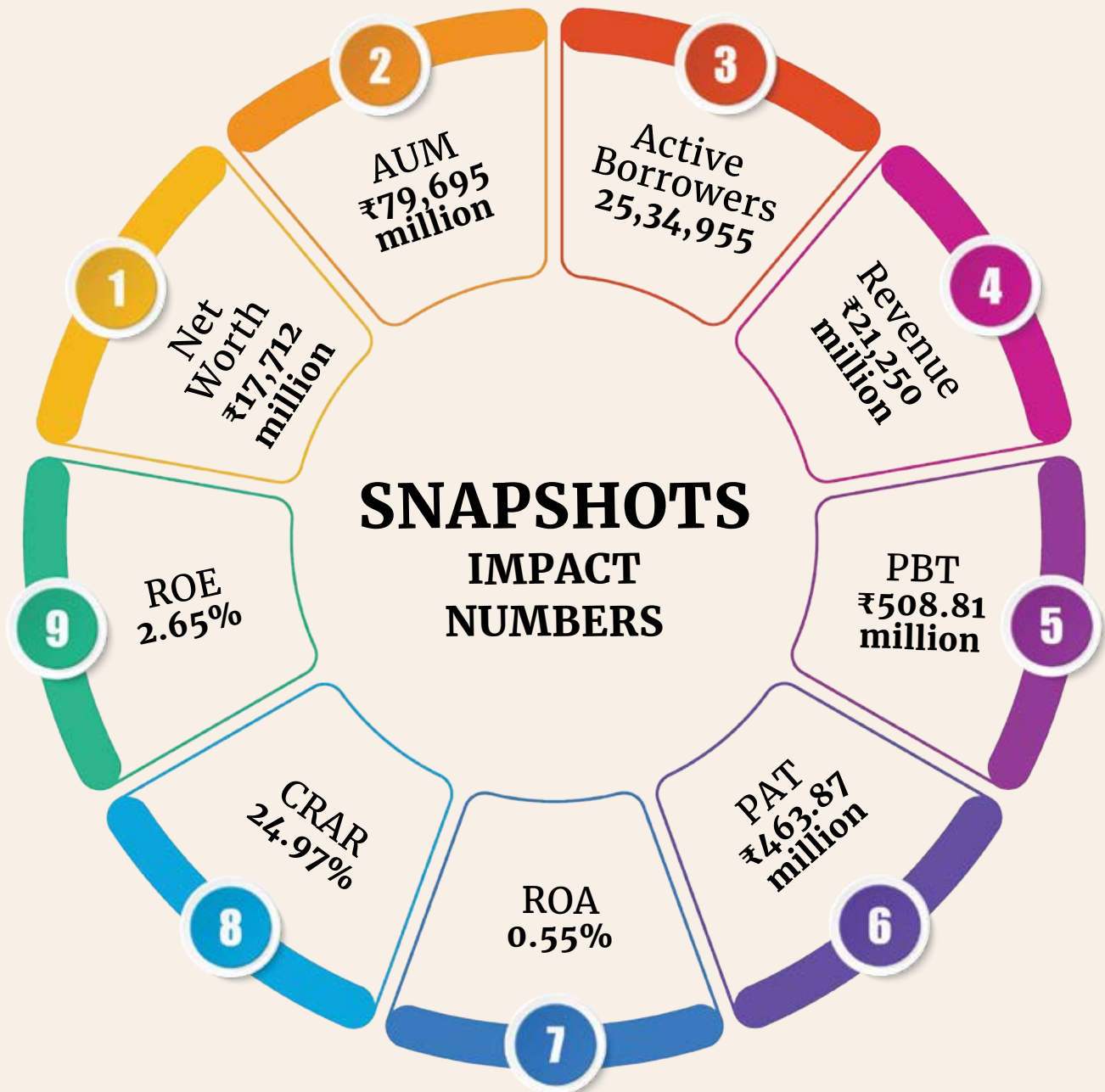


### OUR GOAL

To provide digital financial inclusion to microentrepreneurs.

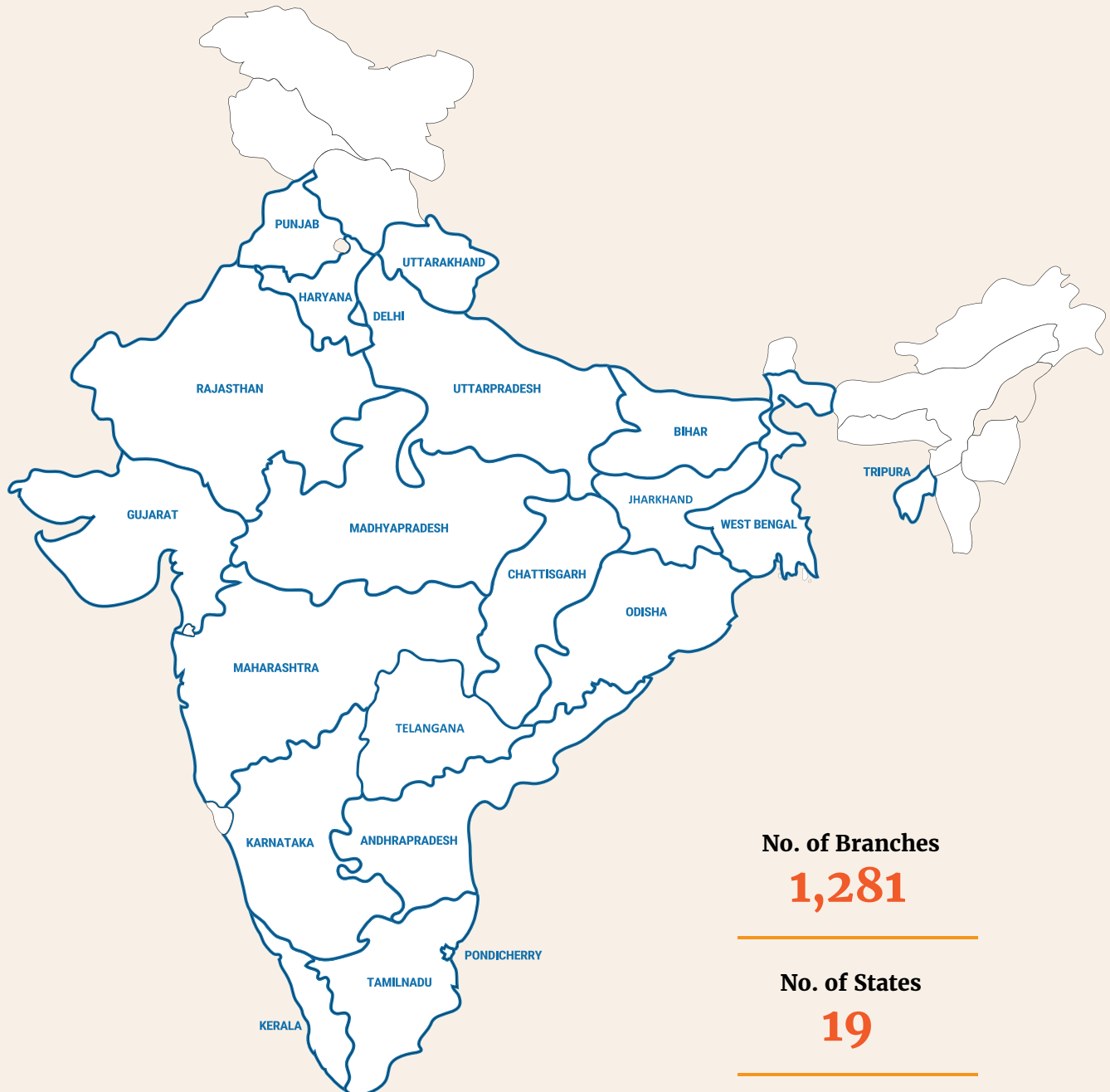


## ► SNAPSHOTS



## ►► GEOGRAPHICAL OUTREACH

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No. of Branches

**1,281**

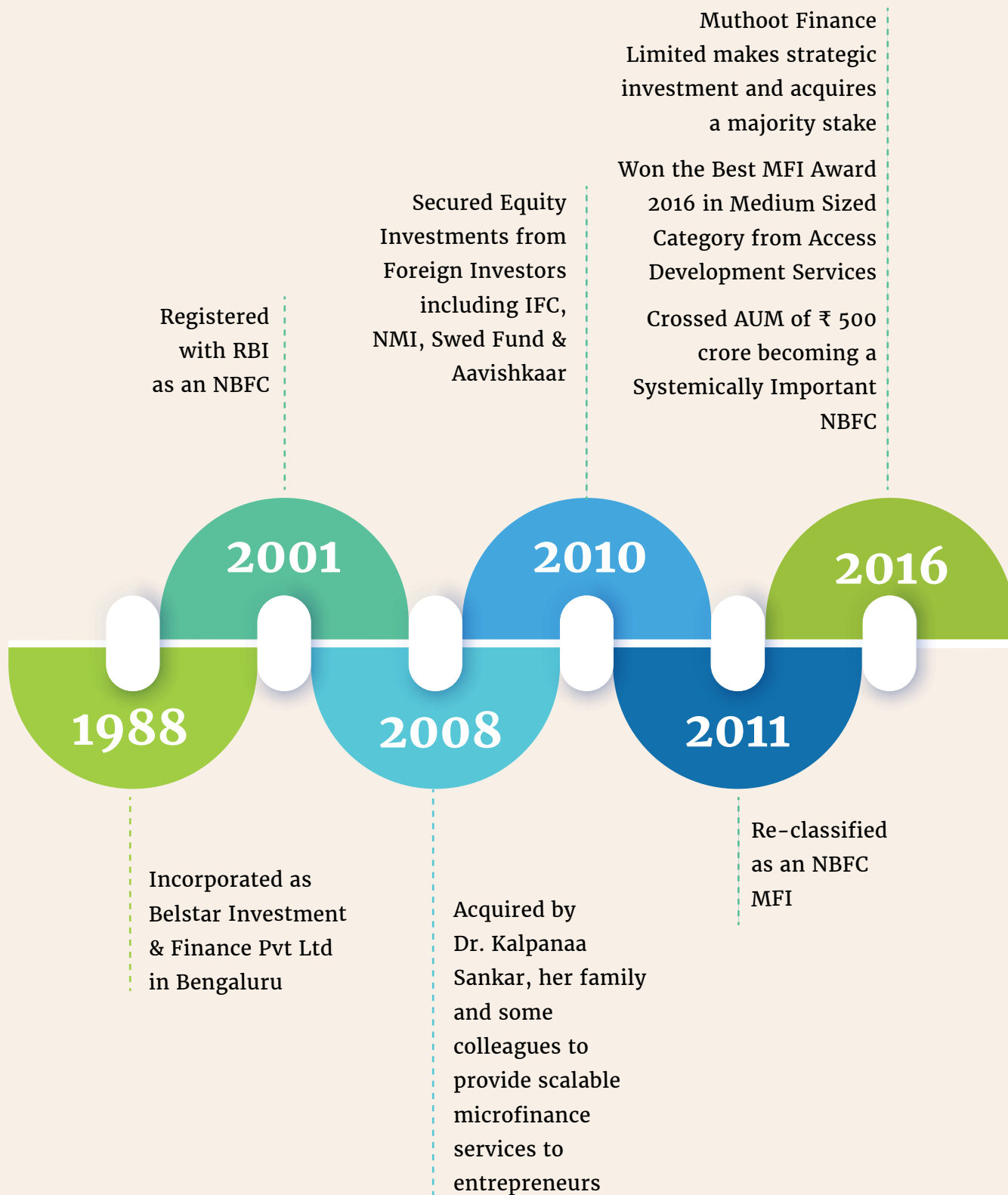
No. of States

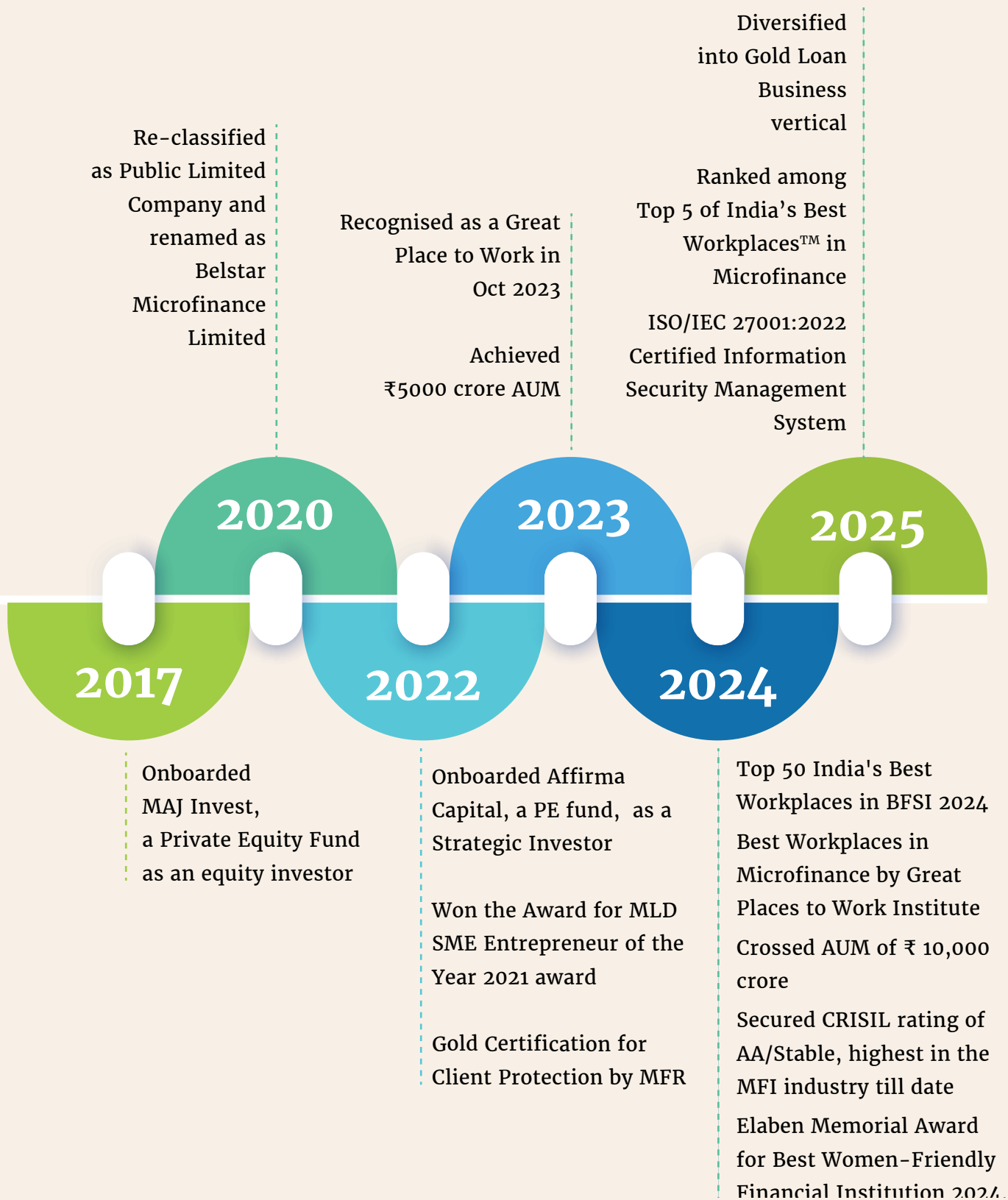
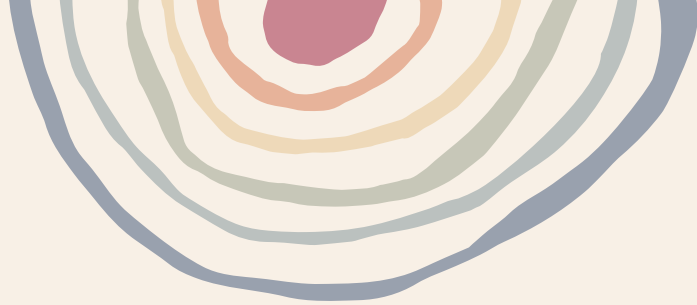
**19**

No. of UTs

**02**

## ►► MILESTONES







## ► MESSAGE FROM THE MANAGING DIRECTOR

Dear Stakeholders,

It gives me great pride to present to you Belstar's Annual Report for FY 2024–25, a year that will be remembered for both the intensity of its challenges and the depth of its transformation, for the sector and for Belstar. Over the past 17 years, we have stayed rooted in our purpose: to empower underserved women through access to responsible financial services. This year, we crossed a milestone that brings immense satisfaction: reaching 3 million women customers, served by a committed and values-driven workforce. The impact we have made at the grassroots level, in livelihoods, confidence, and community resilience, has reaffirmed the value of inclusive finance as a tool for nation-building.

### Navigating a Shifting Landscape

The operating environment for microfinance this year was shaped by a confluence of factors: rising interest rates, customer overleveraging, macroeconomic uncertainty, and regulatory transitions, including some state legislations. These developments, though aimed at addressing market anomalies, had a wider bearing on borrower sentiment and operations across formal NBFC-MFIs. Industry-wide efforts, including the introduction of MFIN's self-regulatory guardrails, demonstrated a maturing approach to credit discipline, customer protection, and long-term sustainability.

Despite these headwinds, Belstar remained focused, agile, and grounded in its principles.

### Performance with Purpose

We are proud to retain our CRISIL rating of AA/Stable, the highest in the MFI industry. We expanded into newer territories despite subdued demand in some regions and maintained a calibrated approach in states like Karnataka and Tamil Nadu, where local legislations temporarily affected market momentum.

What continues to define our approach is resilience with responsibility, which has remained the hallmark of our operational strategy.

### A Culture Built on People and Purpose

We take great pride in being recognized as an Employer of Choice, attracting individuals who are deeply aligned with our mission. Our 'Campus to Corporate' initiative expanded this year, with focused outreach to Tier 2 and Tier 3 institutions, onboarding young, committed professionals as managerial field staff. Our workplace culture earned us the 'Great Place to Work' certification for the second consecutive year, and we were ranked among the Top 5 Best Workplaces in Microfinance in India. These accolades reflect a culture of trust, fairness, inclusion, and collective growth.

Our two-decade long partnership with Hand in Hand India continues to be a source of pride. Together, we have catalysed over 10 million jobs, enabling women-led micro-enterprises to flourish across India's heartland.



**Dr. Kalpanaa Sankar**  
Managing Director

### Harnessing Technology for Scale and Efficiency

This year, we accelerated our digital transformation agenda, deploying technology not just for automation, but for intelligence and impact. We advanced our use of AI tools for customer behaviour prediction, guiding field teams towards smarter collection cycles. Our proprietary AI-driven credit scoring system, BELSCORE, is helping us refine loan eligibility and portfolio quality in line with regulatory best practices.

We introduced geo-enabled field tracking tools to improve staff productivity, reduce pilferage, and improve routing efficiency, critical in high-density and remote markets.

Through STARHUB, our new business intelligence and data dashboard, we have built a unified performance view across branches and verticals. This allows real-time decision-making, faster exception tracking, and smarter resource allocation.


### Maintaining Financial Discipline

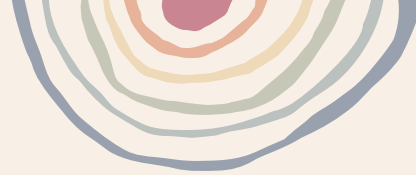
Over the past eight years, we have delivered a Return on Assets (RoA) of 2.57% and a Return on Equity (RoE) of 15.68%. Even in a difficult macro environment, these metrics reflect the robustness of our model and our ability to manage risk without compromising growth quality.

### The Road Ahead

FY 2024–25 has been a year of recalibration and realignment. We have taken hard calls, stayed close to our customers, and reinforced our core. As the sector prepares for a rebound in FY 2025–26, we are well-positioned to grow responsibly, with stronger internal controls, sharper technology, and deeper community trust. We will continue to evolve, but our fundamentals will not change. We will serve with empathy, govern with integrity, and grow with purpose.

My gratitude to our Board of Directors, regulators, state governments and all stakeholders for their continued guidance and support. I am deeply grateful to the MD of Muthoot Finance, whose belief in our model has helped us stay ambitious, yet grounded. To our customers, your unwavering faith and trust empowers us, you are the driving force behind our continued success and resilience.





## ► MESSAGE FROM THE CEO

### Dear Stakeholders,

FY 2024–25 was a year that tested the mettle of the microfinance sector. Faced with tightening regulations, macroeconomic volatility, and rising customer leverage, the industry had to reorient its strategies and reinforce its fundamentals. In this environment, Belstar remained focused on what has always driven us: empowering underserved communities through responsible, transparent, and ethical financial services.

### Staying the Course with Discipline and Purpose

The microfinance industry continues to operate in a dynamic and challenging landscape, where regulatory vigilance and customer centricity must go together. Amid these changes, our philosophy has been clear. Growth must be meaningful, and governance must be uncompromising. We remained guided by three principles: customer focus, process discipline, and a field-first approach, which have enabled us to protect the integrity of our operations while staying responsive to evolving ground realities.

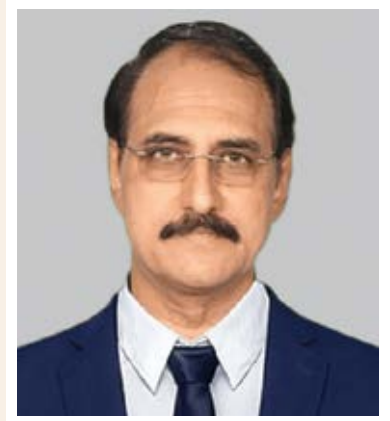
We are in an industry that is data-driven at the top and human-connected at the bottom. Our success hinges on our ability to harness insights from data and analytics while staying deeply attuned to the needs and aspirations of our customers. Balancing tech-led intelligence with on-ground empathy continues to be our differentiator.

### Driving a Culture of Ownership and Recognition

Our field staff are the face of Belstar and to keep them highly motivated during the challenging year, we implemented a robust multi-tiered R&R framework, encompassing individual and branch-level recognitions on a monthly basis and building a habit of consistent performance behaviour by rewarding them on quarterly, bi-annual, and annual cycles. By valuing behaviours and contributions, we are strengthening our accountability frameworks across the organisation.

### Focused Interventions Where It Matters

We were able to predict any signs of stress in our customer accounts through our use of AI tools and understanding from our Business Intelligence dashboard – StarHub. In response to early signs of stress, we established Special Task Forces



**J Balakrishnan**  
Chief Executive Officer

to work closely with high PAR branches. By embedding operational support and rigorous on-ground follow-up, the STFs have helped several branches transition from stressed to stable. This underscores our belief that challenges are best addressed not just through top-down directives, but through empathetic, hands-on leadership.

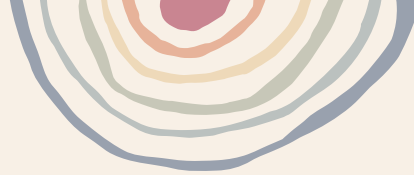
### Community Beyond Credit

We also expanded our Community Connect Meets, in our way of giving back to the community which we serve by conducting branch-led gatherings where customers could access not just grievance redressal, but also attend financial literacy sessions and seek health awareness support. These forums reflect the trust we have built, and our belief that financial services must be anchored in human connection.

### The Road Ahead

As we look ahead, our ambitions remain bold, yet grounded. We are building an institution that combines the rigour of financial performance with the humility of grassroots understanding. Our high-trust culture, strong systems, and deeply committed workforce remain our biggest assets. With a clear strategic roadmap, a growing technological edge, and robust support from our promoters, Board, and stakeholders, we are confident of scaling with discipline, deepening impact, and delivering long-term value to all those we serve.





## ►► BOARD OF DIRECTORS

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**Krishnamoorthy  
Venkataraman**  
Chairman &  
Independent Director



**Dr. Kalpanaa Sankar**  
Managing Director



**K.B. Balakumaran**  
Executive Director



**K.R. Bijimon**  
Non-Executive Director



**George Alexander**  
Non-Executive  
Director



**George M Jacob**  
Non-Executive Director



**Vijay Nallan  
Chakravarthi**  
Non-Executive Director



**Siva Chidambaram  
Vadivelalagan**  
Non-Executive Director



**V. A. George**  
Independent Director



**Chinnasamy Ganesan**  
Independent Director



**Rajeswari Karthigeyan**  
Independent Director



**V. A. Prasanth**  
Independent Director



## ►► MANAGEMENT TEAM

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**Dr. Kalpanaa Sankar**  
Managing Director



**K.B. Balakumaran**  
Executive Director



**J Balakrishnan**  
Chief Executive Officer  
(Appointed w.e.f 18<sup>th</sup> June 2025)



**Muralidharan L**  
Chief Financial Officer



**Ravindran P S**  
Head - Human Resources



**Dhanasekaran S**  
Chief Technology Officer



**Chandramouleeswaran S**  
Head Audit



**Sunil Kumar Sahu**  
Company Secretary

## ►► OUR PROMOTERS

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***Muthoot Finance***



**Sarvam Financial Inclusion Trust**



**Dr. Kalpanaa Sankar**

Managing Director, Belstar Microfinance

## ►► OUR INVESTORS



**AFFIRMA  
CAPITAL**

**MAJ  
INVEST**

## ► AWARDS



Certified at Gold Level  
in Client Protection  
Standards by **MFR**



Recognized as a '**Great Place to Work**' for the second consecutive year.



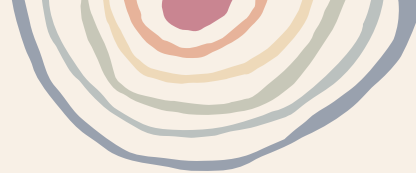
Ranked among  
**Top 5 in India's** Best  
Workplaces™ in  
Microfinance



**ISO/IEC 27001:2022** Certified  
Information Security  
Management System



Elaben Memorial Award for Best Women-Friendly Financial Institution 2024



## ► 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.

### List of Products

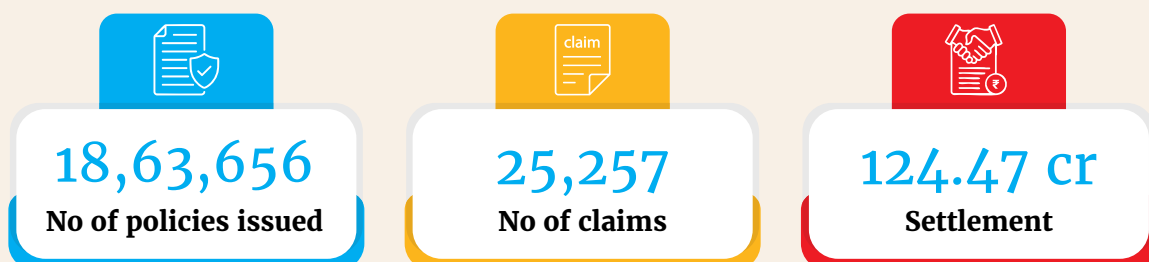
Loan Product	Loan Amount	Tenure
Micro Enterprise Loan	Up to ₹1,50,000	Up to 36 Months
Business Enhancement	₹20,000 to ₹50,000	Up to 24 Months
Mid Term/Emergency	₹5,000 to ₹25,000	Up to 24 Months
Education	₹10,000 to ₹50,000	Up to 18 Months
Festival	₹10,000 to ₹20,000	Up to 18 Months
Consumption	Up to ₹10,000	Up to 18 Months

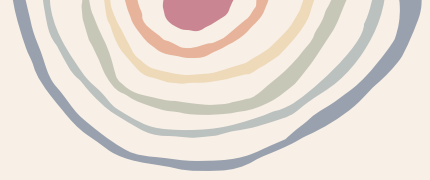
### Insurance

#### 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.





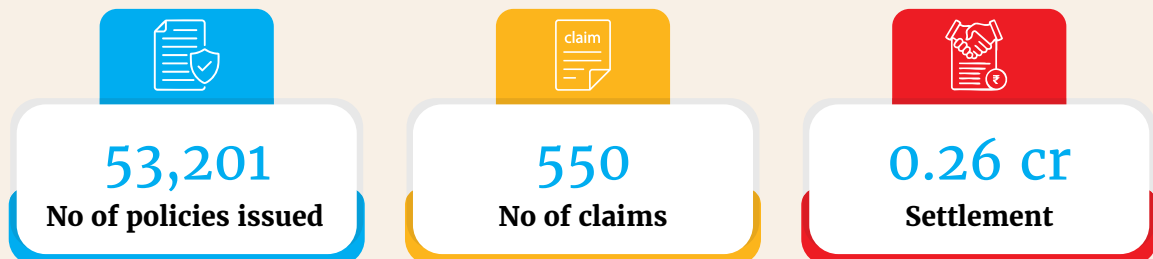
### Hospicash:

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.



### Home Protector:

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.



## ►► MSME

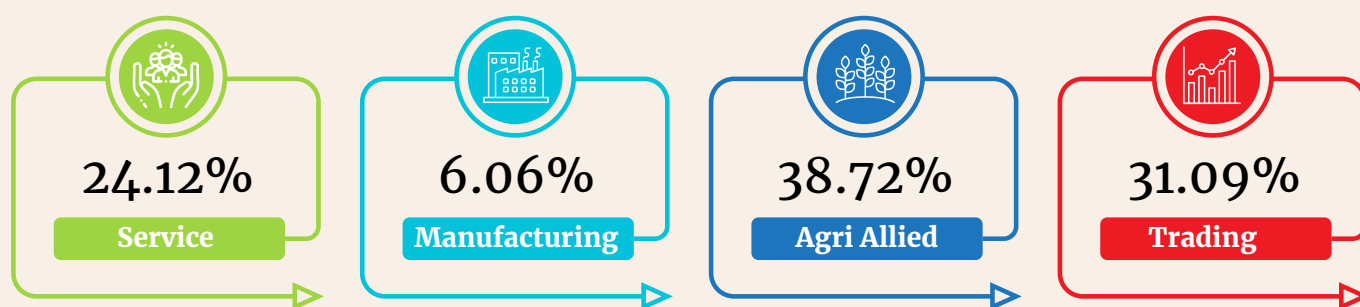
### Overview

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 117 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:



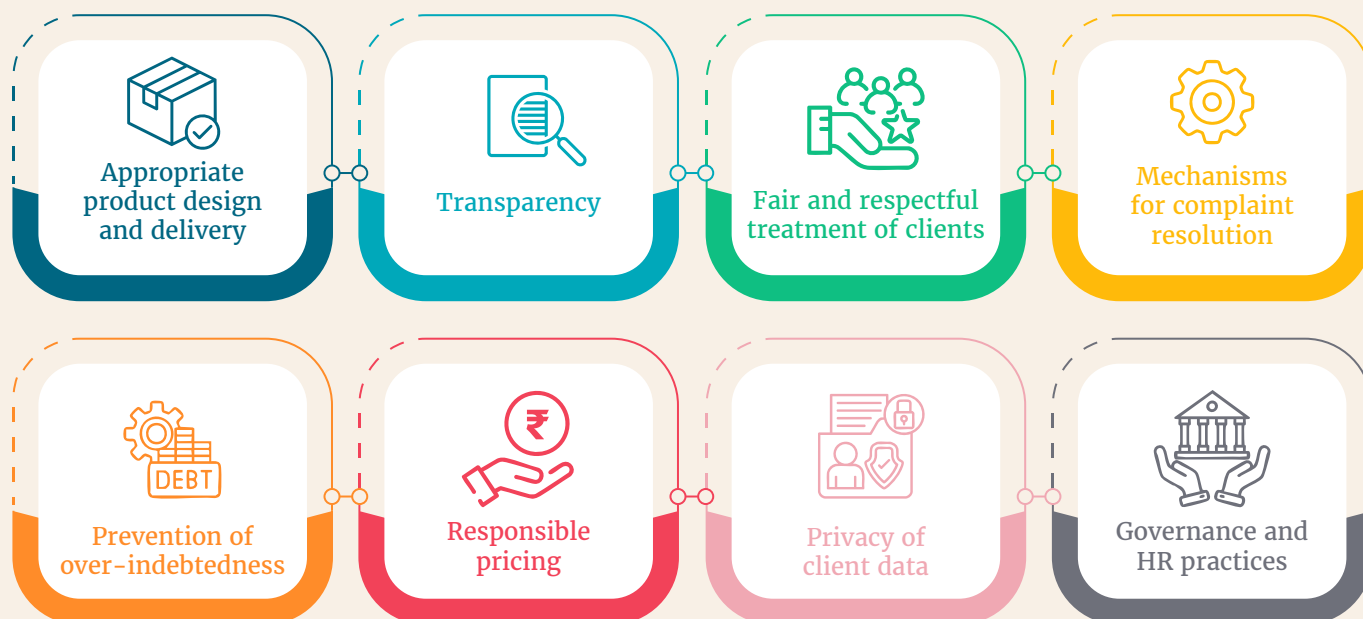
Loan Product	FY 22-23	FY 23-24	FY 24-25
No of loans disbursed	19,933	33,551	25,883
AUM (in cr)	268.3	519.11	507.24
No of branches	58	91	117
Avg Ticket Size (in lks)	1.26	1.38	1.35
No of Customers	26,583	51,503	58,084

## ►► CUSTOMER CENTRICITY

Belstar has been re-certified at the Gold level of client protection by MFR. This prestigious certification establishes our commitment to adopting and enforcing rigorous customer protection standards.



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

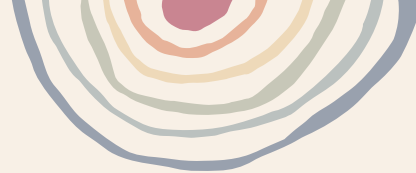


### Customer Grievance Redressal Cell

At Belstar, we believe that every customer interaction is an opportunity to build trust. Our Customer Grievance Redressal Cell plays a pivotal role in ensuring prompt and effective resolution of client concerns.

In FY 2024–25, we received 1,028 grievances, of which 1,020 were resolved amicably by March 31, 2025. This reflects our ongoing efforts to strengthen customer service channels, train frontline staff, and leverage technology for faster resolution.

We remain committed to reducing response times and enhancing customer satisfaction at every touchpoint.



## ► CUSTOMER SERVICE & TRAINING

At Belstar, customer service extends far beyond financial transactions. Our approach is rooted in empowering communities through a structured suite of non-financial services that build both capacity and confidence among women borrowers. These services are designed not only to deepen our engagement with customers but to contribute meaningfully to their holistic development, in line with our double-bottom line approach.

Our Customer Service & Training vertical continues to be a cornerstone of this commitment. From cultivating local leadership to promoting access to social security schemes, we enable women across our 19 states and 1 UT to be active agents of change in their households and communities.

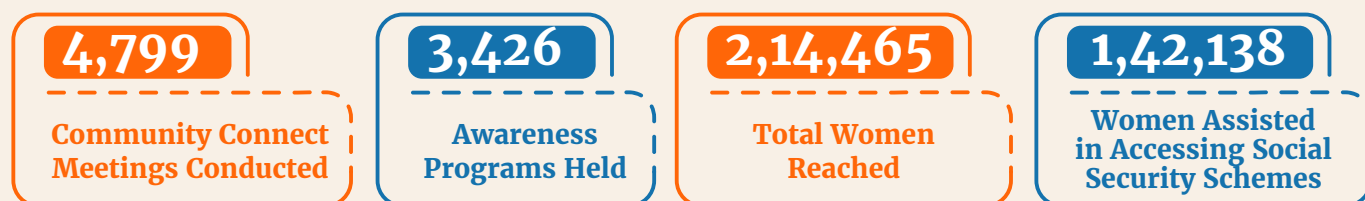
### Key Focus Areas

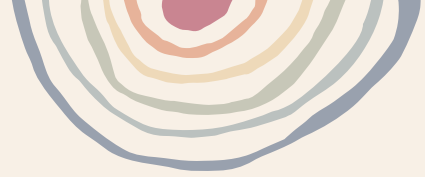
- **Strengthening Community-Based Women Organizations (CBWOs):** Supporting SHGs and their federations through leadership development and local governance training.
- **Village-Level Impact:** Helping CBWOs connect with Panchayati Raj Institutions (PRIs) and relevant departments to address community and individual needs.
- **Social Security Outreach:** Promoting awareness and enrolment in government-sponsored schemes through dedicated campaigns.
- **Awareness Building:** Conducting thematic sessions on health, hygiene, environmental conservation, women's rights, and education.
- **Entrepreneurship Support:** Delivering enterprise and skill training while linking women with relevant institutional support.
- **Digital & Financial Literacy:** Equipping customers with the tools and knowledge to confidently navigate a digitizing economy.
- **Community Engagement:** Facilitating various programs that bring women together to collaborate, learn, and lead.

### Reach and Impact

Our work during the year spanned 1,780 clusters, linked to 392 and 69 regions across 10 states: Tamil Nadu, Kerala, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, West Bengal, Uttar Pradesh, Andhra Pradesh & Bihar.

**We strengthened our 'Community Connect' framework through active outreach:**

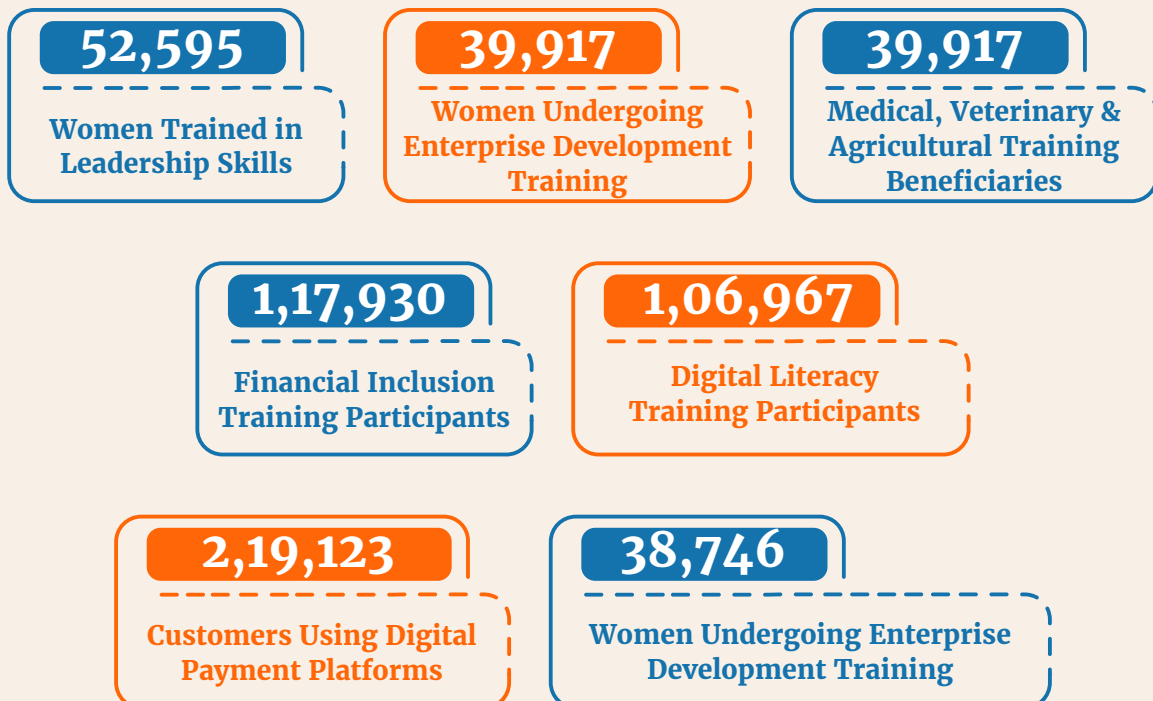




A key feature of our model is the formation of Cluster Level Networks (CLNs) – platforms that unify SHGs from the same panchayat region to achieve collective empowerment:

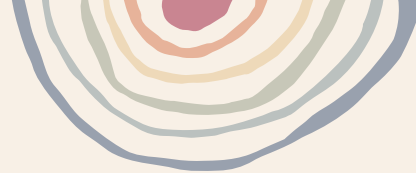


To reinforce agency and economic independence:



Our unique combination of financial access and structured community engagement continues to set Belstar apart in the sector. By investing in knowledge, skills and networks, we are not just serving our customers, we are nurturing changemakers.





## ► CASELETS



Belstar Customer Service and Training Team, in collaboration with Shanker's Eye Hospital, organized a medical camp to provide essential eye care services to the community in Kumbalam. The camp, held on January 19, 2025, benefited 97 individuals, including CLN and SHG members, Belstar customers, and other community members.

During a recent meeting, St. Michael's CLN members highlighted the urgent need for an eye care health camp in their community. Many individuals,

particularly SHG members and economically disadvantaged residents, struggled with vision-related issues but lacked access to proper eye care services.

Belstar Customer Service and Training Team, in collaboration with Shanker's Eye Hospital, organized the medical camp to address the growing need for eye care in the local community. The camp provided free eye check-ups, medical support, and referred patients for further treatment and surgery.

**The medical camp achieved the following outcomes:**

**97**

participants  
attended the camp

**20**

patients were  
referred for  
further treatment,  
including surgery

**12**

patients underwent  
successful surgery

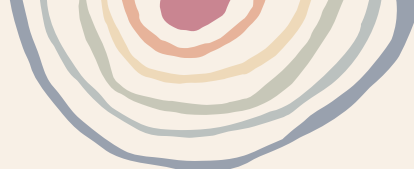
**15**

beneficiaries  
received  
spectacles at  
affordable prices

CLN members and officials from Perayam Panchayat commended Belstar Customer Service and Training Team for their commitment to community welfare and healthcare accessibility.

The eye care medical camp at Kumbalam demonstrates the impact of collaborative efforts in addressing critical healthcare needs. Belstar Customer Service and Training Team initiative not only provided essential eye care services but also strengthened awareness of their work in empowering and uplifting communities.





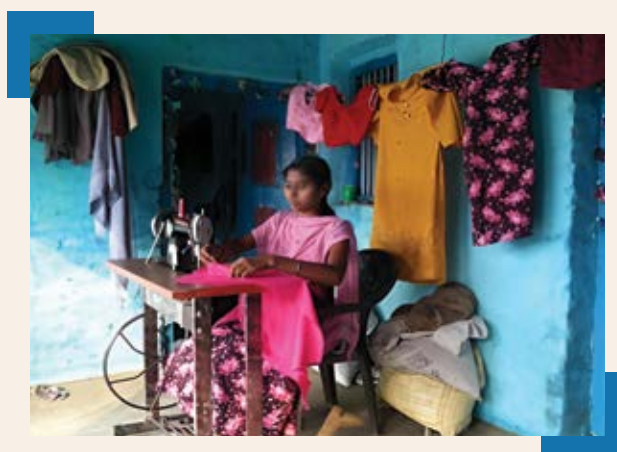
## Bihar: Sheela Kumari's Journey with Belstar Customer Service and Training Team



Sheela Kumari, an 18-year-old from Teliya Pokher Panchyat in Darbhanga district, Bihar, embarked on a journey of self-discovery and empowerment. Born into a family of modest means, Sheela's father, Ravindra Kumar, worked as a small farmer and occasional daily laborer, while her mother was a homemaker. Sheela, determined to acquire skills for a self-sufficient future, stumbled upon Belstar Customer Service and Training Team Skill Training Program. Recognizing the opportunity, she joined the program and began learning sewing and design.

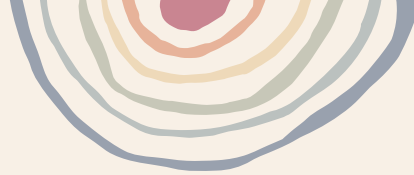
Under the guidance of the Belstar Customer Service and Training Team, Sheela acquired a sewing machine on EMI and established a small sewing center at her home. She honed her skills through rigorous practice, often working late into the night to master cutting techniques. Her hard work paid off, and she quickly progressed from practicing on newspaper to cutting fabric. Sheela's entrepreneurial spirit led her to offer competitive pricing, charging merely ₹20-₹40 per garment. She also expanded her services to include stitching school uniforms, recognizing the potential for a steady customer base.

Sheela's newfound skills not only enhanced her family's income but also inspired her to become a mentor. She began teaching her younger sister the art of sewing, encouraging her to embark on a similar creative journey. With Belstar Customer Service and Training Team support, Sheela's monthly earnings now range from ₹700 to ₹1000. Her success has made her a beacon of inspiration for girls in her community, demonstrating the transformative power of skill acquisition and entrepreneurship.



Sheela's journey with Belstar Customer Service and Training Team is a testament to the organization's commitment to empowering women and girls through skill development and entrepreneurship. By providing Sheela with the necessary training and resources, Belstar Customer Service and Training Team has enabled her to break free from financial dependence and build a brighter future for herself and her family.





## Rajasthan: Kamla Kunwar's Journey to Financial Independence



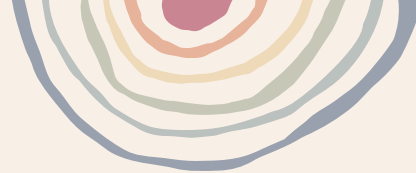
Kamla Kunwar, a 40-year-old housewife from Dewali village, Udaipur region and Rajasthan was struggling to make ends meet. To supplement her family's income, Kamla took on work as a house cleaner, despite having never worked outside the home before.

The financial burden on the family was significant, but Kamla's life took a turn for the better when she attended a one-day skill training meeting organized by Belstar Customer Service and Training Team. During the meeting, she learned how to make foot mats and was introduced to the concept of microfinance loans provided by Belstar.

Kamla seized the opportunity and took a loan of ₹1 lakh from Belstar. As a member of the Nimach Mata CLN, she received support and guidance to help her establish a thriving business making foot mats. Today, Kamla can earn a steady income, thanks to her newfound skills and the financial support provided by Belstar.

Kamla's journey is a testament to the transformative power of microfinance and skill development. With the support of Belstar Customer Service and Training Team, Kamla has been able to build a better life for herself and her family. She expresses her heartfelt gratitude to Belstar for empowering her to take control of her financial future.





## The Power of Possibility: Fostering Entrepreneurship through training

Tamilarasi living in Salem district, Edappadi branch is a differently abled individual with a two-legged disability. She was struggling to make ends meet with meagre financial support from her husband's income. Her son is studying in 11th standard. Despite these challenges, Tamilarasi was determined to find a way to support her family.

Tamilarasi joined as a part-time coordinator for the Nehru Cluster Level Network and interacted with several women within the network. This opportunity gave her the self-confidence to explore starting her own business. Tamilarasi participated in the Business Motivation Training organised by Belstar Customer Service & Training Team in association with Hand in Hand India. She decided to take a loan of ₹ 50,000 from Belstar and invested in a sewing machine. She started a tailoring business from her home and now earns ₹ 6,000 per month.

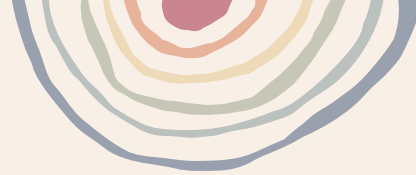
And then through the help of Belstar Customer Service & Training team and CLN, Tamilarasi received Entrepreneurship Development Program for differently abled individuals sponsored by Indian Bank-RSETI. She attended a 10-day training program and learned to prepare various products, including Phenoyl, laundry oil, dishwashing oil, and fragrances in order to diversify her income streams.

Today Tamilarasi's tailoring business is thriving, and she has expanded her product line to include

phenoyl laundry oil, and dishwashing oil sales. Her monthly income is now between ₹15,000 to ₹17,000. She repays a monthly loan amount of ₹3,000 and gains a profit of ₹14,000 per month.

Tamilarasi is now self-sufficient and manages her family's finances with confidence. She is an inspiration to others, demonstrating that with determination and the right support, anyone can overcome challenges and achieve success. Tamilarasi expresses her sincere thanks to the CLN and Belstar for their support and guidance





## ► HUMAN CAPITAL

### EMPOWERING PEOPLE WITH PURPOSE

We believe in the transformative power of financial inclusion of the underserved communities and actively contribute to creating lasting impact in the communities we serve. At Belstar, our employees are the heart of this mission to empower women and aid community development. Every success we achieve is rooted in the dedication and passion of our team, who build meaningful connections with customers guided by our core values.

We are committed to cultivating a workplace culture where employees feel valued, supported, and inspired. Providing a positive experience is central to our approach, and being recognized for these efforts reinforces our belief that a thriving workforce is key to building a resilient and successful business.

This commitment earned us the distinction of being recognized as Great Place to Work® for the second consecutive year and proudly ranked among the Top 5 in India's Best Workplaces. This prestigious recognition reflects our unwavering commitment to fostering a High-Trust, High-Performance Culture, and being a benchmark in the industry for employee experience and organizational excellence.



We are an equal opportunity employer and be amongst microfinance companies to have a better gender diversity. Hiring local talent strengthens our ties to the community, and, where necessary, we provide accommodation to ensure our employees' well-being. We have established 215 Guest Houses across 10 states (Bihar, Chhattisgarh, Delhi, Haryana, Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh, Uttarakhand, and West Bengal)

As on 31st March, Belstar's workforce stood at 13,076 employees, comprising 2,345 women and 10,731 men. Notably, over 2,200 of our women colleagues serve in field roles, reflecting our commitment to building equitable and grassroots-driven leadership.

We take pride in being an 'Employer of Choice' by consistently attracting top talent across the country. Through our "Campus to Corporate" program, we've expanded hiring to Tier 2 and Tier 3 colleges, offering students from these institutions a gateway to corporate life and meaningful career opportunities. 9,999 candidates across profiles, a growth of 35% YoY

New Employee hires 10,000 (35% growth YoY)

#### No. of Employees



13,076

#### % of Female Employees



17.93%

#### No. of Male Employees



10,731



## Retention, Recognition and Internal Growth

Long-term association is a hallmark of Belstar's culture with

- >3 Years: 1895 employees
- >5 Years: 1192 employees
- >10 Years: 173 employees

We continue to nurture internal talent by filling all our mid-level managerial positions through Internal Job Postings and Promotions to eligible candidates were offered during the year through structured assessments and performance reviews conducted online on our HRMS tool.

We've introduced multi-tier recognition programs-monthly, quarterly, and annual-at both zonal and national levels to ensure that excellence is consistently celebrated. By recognizing impactful behaviours and meaningful contributions, we believe in building a culture of accountability and performance across the organization.

## Employee Engagement

At Belstar, we continuously strive to enhance our engagement mechanisms with all stakeholders - especially our employees. Through a range of communication channels including internal newsletters, focus group discussions, our HRMS system, and employee surveys, we ensure that our messaging reaches the last mile in vernacular languages and aligns everyone with the organization's goals.

Celebrations are a part of Belstar's Culture, last year was no different with special celebrations planned across all our offices during Independence Day, Christmas, New Year, Pongal and Women's Day.

Our dedicated HR Helpdesk is one such platform that empowers employees to voice their queries and concerns all 6 days a week. We hear all grievances with utmost care and provide a quick resolution, reflecting our commitment to responsiveness and care.

Belstar is not just a Great Place to Work-it's a place where great work happens every day.

## % of Women in Field Workforce



**16.98%**

## % of Young Workforce (18-35 yrs)



**82%**

## New Employees Hires



**10,000**

(35% growth YoY)

## Borrower Demographics



**Rural**  
**90.77%**

**Semi-Urban**  
**5.16%**

**Urban**  
**4.06%**

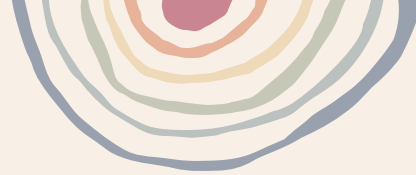
## Digital First



**Digital Onboarding**  
**100%**



**Digital Collections**  
**44.2%**



## ►► **LEARNING & DEVELOPMENT**

The Learning and Development (L&D) division has experienced a year of significant growth and transformation. Our mission continues to focus on enhancing employee skills, fostering personal and professional growth, and aligning talent development with the company's strategic objectives. In 2024-25, we focused on adapting to the evolving needs of the workforce, integrating new technologies, and cultivating a culture of continuous learning.

### **Key Accomplishments**

#### **1. Launch of New Learning Management System**

- In response to the growing need for digital and flexible learning solutions, we successfully migrated to Workline (Learning Management System). This platform offers employees easy access to a wide array of training programs, certifications, and resources to aid both technical and soft skill development.
- The system enabled employees to track their progress, earn badges, and receive real-time feedback, which fostered engagement and a sense of accomplishment.

#### **2. Upskilling and Reskilling Initiatives**

- Our upskilling programs focused on emerging technologies such as AI, machine learning, and data analytics. Additionally, we introduced reskilling initiatives to help employees transition to new roles within the organization, ensuring career growth while also addressing business needs.

#### **3. Leadership Development**

- A dedicated focus on leadership development resulted in the successful completion of our RM assessment centre, where over 100 mid-level managers participated. This was launched to build a pipeline of future leaders who will drive company growth.

#### **4. Belstar Values and Culture sessions**

- The year also focussed on emphasising the values and culture of the organization for all the new joiners.

#### **5. Launch of animated bite sized training modules**

- We launched animated bite sized videos which helped disseminate information through interactive mode. These modules were also integrated into the LMS for all employees to view and get certified.

#### **Looking ahead, there are ample opportunities to build on the success of 2024-25:**

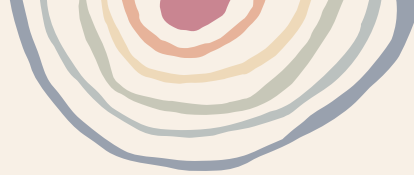
- **Personalized Learning Journeys:** Moving into 2025-26, we plan to implement more tailored learning paths that adapt to individual career goals, skill levels, and job functions.
- **Data-Driven Insights:** We will be leveraging data analytics to create more targeted learning interventions based on employee performance, ensuring that L&D initiatives are aligned with business needs and individual career aspirations.



- Expand our learning offerings to include advanced certifications in for L&D, HR, RM and ZHs.
- Foster a stronger learning culture where self-directed learning becomes the norm, and every employee is empowered to take charge of their professional development.
- Strengthen our partnerships with universities and professional associations to provide employees with access to world-class educational resources and credentials.

By aligning our efforts with the company's strategic goals, we have helped employees enhance their skills, grow within their careers, and drive the organization forward. As we look toward 2025, we remain committed to providing innovative, impactful learning experiences that not only support individual growth but also contribute to the long-term success of our business.





## ►► INTELLECTUAL CAPITAL

Bringing Fintech to the doorsteps of the Under Banked

### Key KPIs – FY 24 25

**2.5 millions**  
customers  
on boarded  
digitally

**₹4,150 cr**  
in Digital  
Collections

Deployment of  
CFSS software  
for  
**MSME**

**AI & ML**  
Adaptation  
in Risk  
Assessment

eSign  
completed for  
**0.5 millions**  
loan  
documents

Deployment of  
**Smart Pay**  
– WhatsApp  
repayment

**IT & Cyber**  
**Security**  
Initiatives

Real-time  
Fund  
Transfer for  
**Disbursements**



Belstar believes Fintech will be complete when it serves the underbanked people especially the rural women and enables the financial inclusion for them. Our Fintech solutions such as Samrithi Customer App, Smart Pay – WhatsApp based payment service and QR based repayments offered seamless and easier customer experience.

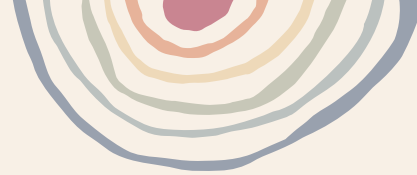
We have conducted Digital Literacy & Awareness program for our women customers to use the mobile digital eco system to access

various financial & government digital services confidently & securely.

Our proprietary MIS Android mobile application “StarHub – Dashboard” continued to deliver real time MIS data to our vast field taskforce’s mobile devices directly to serve our customers very effectively. Our robust Core Financial System Software (CFSS) handled 6 million applications annually & 0.3 million transactions on daily basis and offered high quality and faster services to our customers.

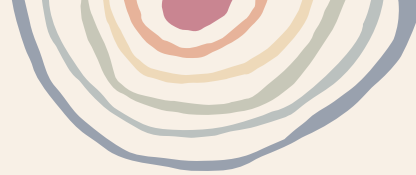
Our constant update & process optimization process helped to strengthen our IT Operations & Governance frameworks and our investments in IT & Cyber security initiatives exhibits our commitment to protect our valuable customer data.





Initiatives	Benefits
Belstar Credit Scoring	<ul style="list-style-type: none"><li>✓ 2 million customers were assessed</li><li>✓ AI driven customer credit scoring &amp; assessment</li></ul>
Smart Pay	<ul style="list-style-type: none"><li>✓ Well received by our customers</li><li>✓ Another Customer friendly omni channel for repayment</li></ul>
Adhaar based e-Sign	<ul style="list-style-type: none"><li>✓ Adhaar based e-Sign for customer loan documents</li><li>✓ 100% digital onboarding of customers</li></ul>
Digital Literacy & Awareness	<ul style="list-style-type: none"><li>✓ Addressed the challenges in Physical document handling &amp; eliminated the associated risks</li><li>✓ PAN India workshops for Digital Literacy &amp; Awareness camps conducted for our customers</li></ul>
CFSS for MSME Lending	<ul style="list-style-type: none"><li>✓ Customers benefited by accessing various government &amp; financial services from any where &amp; any time</li><li>✓ Sophisticated micro services based CFSS software to replace legacy MSME lending software</li></ul>
Real-time Digital Transaction Reconciliation	<ul style="list-style-type: none"><li>✓ Offered better Credit Underwriting with API integrations</li><li>✓ Centralized real-time reconciliation for all Digital transactions Samrithi Customer App, WhatsApp, QR Collections</li></ul>
AI based Risk Assessment & Monitoring	<ul style="list-style-type: none"><li>✓ Offered real time settlement status for our branches to provide better customer service</li><li>✓ Customer risk assessment, Early Warning system based on AI algorithms</li></ul>
IT & Cyber Security Initiatives	<ul style="list-style-type: none"><li>✓ AI enabled real time IT &amp; Cyber Security monitoring solutions were deployed to enhance the IT &amp; Cyber Security capabilities.</li></ul>





## ► RISKS

### Holistic Risk Management, Rooted in Responsibility

At Belstar, our approach to risk management is proactive, structured, and deeply embedded across every layer of the organization. Risk management is not a siloed function but a shared responsibility, actively embraced by all employees. Our risk management strategy is built on a clear understanding of key risk dimensions, rigorous assessment protocols, and a commitment to continuous monitoring and control.

#### Governance and Oversight

A robust Risk Management Framework forms the foundation of our operations, aligned with regulatory expectations and our internal governance standards. The Risk Management Committee (RMC), which is comprised of senior leaders, regularly reviews key risk exposures, including:

- Credit Risk
- Interest Rate Risk
- Liquidity Risk
- Operational Risk

Our risk policies are tailored to specific products and business functions but operate cohesively within the broader organizational risk framework. This ensures consistency, compliance, and strategic alignment across all verticals and geographies.

#### Multi-Tiered Risk Control Architecture

Belstar's risk controls operate at three distinct but interlinked levels:

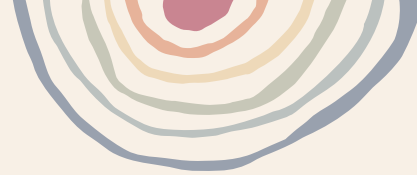
##### A. Organizational Level Controls

- I. **Product Governance:** All products are managed through Board-approved SOPs to ensure consistency, compliance, and risk alignment.
- II. **Asset Allocation Discipline:** Exposure to non-qualifying books is kept under 15% of total assets, reinforcing our strategic focus on core macro-lending operations.
- III. **Regulatory Integrity:** A zero-tolerance policy is in place for any deliberate breach of regulatory norms.
- IV. **Stakeholder Fairness:** We uphold principles of fair dealing in all interactions with customers, vendors, and partners.

##### B. Product & Business Level Controls

- I. **Exposure Management:** Rigorous tracking systems are in place to prevent over-concentration within specific sectors or segments.
- II. **Geographic Diversification:** Our business is sourced through diverse distribution networks across multiple regions to mitigate regional risks.
- III. **Credit Underwriting:** A centralized underwriting framework ensures all credit decisions adhere to predefined policies, ensuring uniformity and risk mitigation.





### C. Transaction Level Controls

- I. **Regulatory Compliance:** We strictly adhere to RBI guidelines concerning KYC, PMLA, and related directives. All customer records are vetted against negative databases and undergo de-duplication checks.
- II. **Face-to-Face Verification:** Every transaction involves direct customer interaction with authorized Belstar personnel, mitigating risks of identity fraud and suspicious funding.

### Operational Risk & Fraud Management

Belstar has institutionalized strong controls for identifying, assessing, and mitigating operational and fraud-related risks:

- The Fraud Risk Management Committee (FRMC), consisting of senior management, oversees all fraud-related matters with diligence and urgency.
- An independent Operational Risk Management (ORM) unit has developed a comprehensive risk control framework, aligned with the Board-approved Operational Risk Management Policy.
- Risk monitoring is supported by automated systems, internal control processes, and advanced fraud detection mechanisms, ensuring resilience and responsiveness.

### Key Pillars of Belstar's Risk Management Philosophy

- Tailored Risk Responses
- Customized mitigation strategies informed by a granular, bottom-up understanding of business segments and risk profiles.

### Early Warning Systems

- Deployment of risk indicators to detect and address emerging risks proactively before they escalate.

### Data Science Integration

- Leveraging data science tools and analytics to drive evidence-based decision-making in risk evaluation and mitigation.

### Specialized Domain Expertise

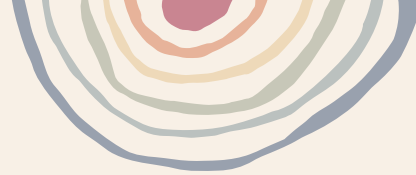
Engagement of subject matter experts across various risk domains to ensure depth, accuracy, and domain-specific excellence.

### Contextual Risk Understanding

Emphasis on nuanced risk assessment tailored to the specific dynamics of each risk area, moving beyond generic models.

Belstar's risk management practices reflect a deep commitment to sustainable growth, operational excellence, and regulatory integrity. By maintaining a vigilant, adaptable, and forward-looking risk posture, we ensure that our organization remains resilient and agile in a constantly evolving business environment.





## ►► INTERNAL AUDIT

At Belstar, robust governance and internal controls are central to mitigating non-compliance risks. Our Internal Audit Department ensures operational efficiency through regular and surprise audits of all branches, including service providers, and conducts customer field visits to gather feedback and ensure compliance with documented Standard Operating Procedures (SOPs).

The Internal Audit team is dedicated to identifying, highlighting, and rectifying errors, enhancing controls and ensuring due diligence. Each financial year, a risk-based audit plan is approved for corporate and branch internal audits. These audits evaluate internal control systems, processes, accounting policies, and regulatory compliance. Audit findings lead to corrective actions, and significant observations are discussed quarterly with the Audit Committee.

The internal audit department employs a comprehensive framework for compliance evaluation, which includes:

1. **Quarterly risk-based internal audit of all branches:** Ensures regular assessment of branch operations.
2. **Audit of corporate office functions:** Reviews the efficiency and compliance of central operations.
3. **Audit of specific activities:** Targets particular areas such as insurance claims, customer grievances, and rule engine validations for focused scrutiny.
4. **Portfolio-level audit using data analysis:** Utilizes data to track performance and identify potential risks.

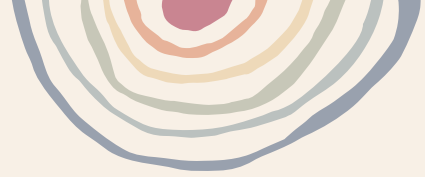


All branches undergo audits twice a quarter, utilizing the e-THIC tool for sampling and report generation. Audit ratings (High, Medium, Low) are communicated to teams to drive compliance. Periodic audit alerts facilitate timely issue identification and root cause analysis. Financial implications are reported monthly to management and quarterly to the Audit Committee.

During the year, an external audit agency provided support for critical function audits, and a third-party vendor conducted the Information Security Audit. A total of 6986 branch audits were performed, assessing branches based on 83 checkpoints.

Our strong commitment to governance and risk management emphasizes continuous improvement and adaptability to an evolving business landscape. By integrating technology with human judgment, we aim for swift detection and resolution of emerging risks, maintaining a proactive stance.





## ► CORPORATE SOCIAL RESPONSIBILITY

Belstar Microfinance guided by its core belief of empowering women and promoting community development during the year 2024-25, implemented its CSR initiatives mainly through M/s Hand in Hand India, a leading NGO. The company utilized the CSR funds in 4 focus areas namely, Women Empowerment, Health, Enterprise Development and Skill Development through well structured, state-wide programs focused on empowering women through financial & digital literacy, livelihood training, enterprise development, skill development, health, environment awareness, access to government schemes

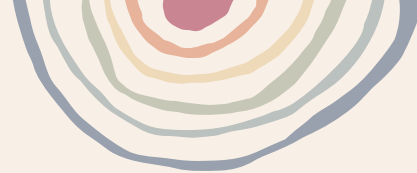
We contributed ₹ 21.18 mn to upskill over 2.18 lakh women through financial literacy, digital literacy, entrepreneurship motivation, livelihood training, awareness to insurance, social security schemes and other government welfare programmes in the states of Maharashtra, Madhya Pradesh, Rajasthan, Uttar Pradesh, Bihar, West Bengal, Karnataka, Kerala, Tamil Nadu and parts of Andhra Pradesh.

A total of 46,622 women entrepreneurs benefitted through our livelihood trainings on various trades such as Wire bag making, Saree draping, Mehandi training, Beautician training, Masala powder making, Tailoring, Blouse cutting training, Papad making, Pickles making, Soap making with our contribution of ₹ 9.41 mn.

With an aim to provide quality Health Services, a total of ₹ 6.67 mn was allocated to help the underprivileged and vulnerable sections of society. we setup Health Help Desks at Government Medical college hospital in Thoothukudi , Thanthai periyar district headquarters super speciality hospital in Erode, Vellore government medical college and hospital in Vellore and Government District hospital in Saharanpur (UP) to assist the patients visiting these hospitals. We conducted Eye camps and General Health camps in Kerala, Madhya Pradesh, Rajasthan, UP, Maharashtra, Karnataka, AP, Telangana and Tamil Nadu helping people get the much-needed health support and referring needy patients to nearby government hospitals for further treatment.

Through our strategic partnership with Hand in Hand India, we embarked on a mission to enable and strengthen 1200 women entrepreneurs in Viluppuram, Pondi, Tirunelveli and Tuticorin regions





with exclusive business motivation trainings, skill training on district specific trades (both farm and non-farm activities), business development training and established market linkages through our contribution of ₹ 7.17 mn.

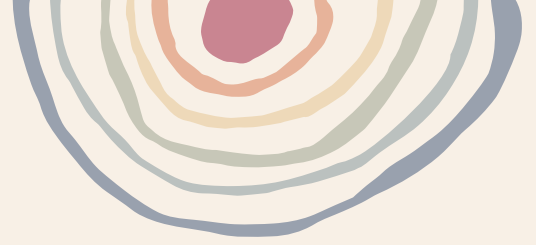
**In FY 25, the company spent its CSR funds in the following activities.**

Sector	Initiatives	CSR Spends
<b>Women Empowerment</b>	Social and Economic Transformation through Inclusive Women Empowerment Processes by providing capacity building trainings and interventions.	₹ 21.18 millions
<b>Health</b>	Providing access to health care through eye and general health camps in service to the community. Quality health services to the underprivileged through dedicated Health Help Desks at Govt Hospitals	₹ 6.67 millions
<b>Enterprise Development</b>	Enabling and Strengthening 1,200 Women Enterprises through Business Motivation, Skill Development and Business Development Training programs	₹ 7.17 millions
<b>Skill Development</b>	Empowering underprivileged women with skill training programs to be financially independent	₹ 9.41 millions
<b>Disaster Relief &amp; Humanitarian Aids</b>	Flood relief support to the affected families in the operating area of Vadodara, Surat, Vapi in Gujarat, Basuvdevapur and Pattamundai in Orissa	₹ 0.1 millions
<b>TOTAL</b>		<b>₹44.44 millions</b>



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.





## ► STATUTORY REPORT

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## ► MANAGEMENT DISCUSSION AND ANALYSIS

### Indian Economic Scenario

The uncertainties in the global economy may weigh on India's growth this year. However, The Indian economy supported by strong macroeconomic fundamentals, remained the fastest growing major economy in the world during 2024-25. Moreover, as India's growth is largely dependent on domestic demand, the impact of external shocks remained limited. And, The recent domestic conflicts with the neighbouring country may also add to the uncertainties. However, the central bank, RBI is expected to cut interest rates further, to support growth.

Amidst the gloomy outlook, the latest IMF forecasts provide a positive take on India, which is set to overtake Japan as the world's 4th largest economy in 2025. As per latest projection by IMF, India will remain the fastest growing major economy over the next 2 to 3 years.

Real Gross Value Added (GVA) is estimated at ₹171.87 lakh crore in the FY 2024-25, against the FRE for the FY 2023-24 of ₹161.51 lakh crore, registering a growth rate of 6.4%.

#### Key sectors contributing to this growth include:

1. **Construction:** Gross value added growth at basic prices was estimated at 9.4% in FY 25, compared to 10.4% in FY 24.
2. **Manufacturing:** Growth moderated to 4.5% in FY 25, compared to 12.3% in the previous year. Despite various challenges, India continues to register the fastest growth in manufacturing PMI.
3. **Public Administration, Defence & Other Services:** It grew by 8.9% in FY 25, Slightly above 8.8% in FY 24.
4. **Agriculture, Livestock, Forestry & Fishing:** Grew by 4.6% in FY 25, marking an improvement over the previous four quarters due to Healthy Kharif production, above-normal monsoons, and an adequate reservoir level supported agricultural growth.
5. **Trade, Hotels, Transport, Communication and Services related to Broadcasting:** The growth slightly reduced to 6.1% in FY 25 compared to 7.5% in FY 24.
6. **Financial, Real Estate & Professional Services:** Growth eased from 10.3% to 7.2%, indicating a slowdown in momentum.

Rural demand is showing signs of revival, supporting overall consumption, while investment activity is expected to gain momentum on the back of higher public capex and improved business sentiment. Manufacturing capacity utilisation remains above the long-term average, and private sector order books continue to expand. However, global overcapacity in sectors like steel could lead to aggressive trade measures, potentially affecting domestic gains.

### Outlook

The real GDP is projected to grow at 6.5 per cent in 2025-26, maintaining same pace as in 2024-25.





This growth is expected to be driven by buoyant rural demand, revival in urban demand, an uptick in investment activity on the back of above-average capacity utilisation, government's continued thrust on capex and congenial financial conditions. The continued strength in higher frequency indicators of services sector, robust agricultural output, forecasts of an above-normal southwest monsoon forecast, and strong goods and services tax (GST) collections underscore the sustained momentum and resilience of the economy.

### Indian BFSI Sector Overview

The Banking, Financial Services, and Insurance (BFSI) sector continues to serve as a pillar of India's economic resilience and growth. The banking and financial sector remains stable and well-capitalised, and is catering to the financing needs of the economy. Within this ecosystem, Non-Banking Financial Companies (NBFC) and Microfinance Institutions (MFI) play a crucial role in this ecosystem, particularly in fostering financial inclusion and supporting socio-economic development in rural and underserved regions.

As of March 31, 2025, NBFC-MFIs are the largest providers of micro-credit, with a loan amount outstanding of ₹ 1,47,566 Crores, representing 39.35% of the total industry portfolio. The segment has undergone significant transformation in recent years, emerging as a key contributor to India's inclusive growth narrative.

### Industry Overview

In FY 25, the Indian microfinance industry faced a challenging environment marked by rising delinquencies, borrower stress, and operational disruptions. One of the most impactful events was the Karnataka loan waiver announcement and political narrative around debt relief, which triggered a wave of strategic defaults in the southern region—historically a stronghold for microfinance. This sentiment spread beyond Karnataka, weakening repayment discipline across adjacent states. Additionally, the general elections and regional political volatility in key states created uncertainty and borrower expectations of future waivers, dampening collection efforts. Compounding these challenges were intense summer heatwaves, which disrupted field operations, affected rural livelihoods, and delayed repayments, particularly in agrarian and informal economy-dependent districts.

In light of these stress factors, the RBI and MFIN intervened with strong regulatory and self-regulatory frameworks aimed at restoring discipline and mitigating systemic risk. The RBI's reduction of the qualifying asset ratio for NBFC-MFIs from 75% to 60% allowed greater diversification, encouraging institutions to cautiously expand into non-micro segments. Simultaneously, MFIN's Guardrails 1.0 and 2.0 imposed stricter borrower-level exposure norms, limiting the number of active lenders to three and capping total unsecured indebtedness at ₹2 lakh. Additional provisions included barring loans to delinquent customers (>60 days), requiring weekly credit bureau reporting, enforcing authenticated KYC and loan transparency norms, and mandating grievance redressal standards. These measures targeted the root causes of overleveraging and opaque lending, while promoting responsible lending and improved borrower protections.

By the end of FY 25, the sector began showing signs of stabilization. Collection efficiencies improved,

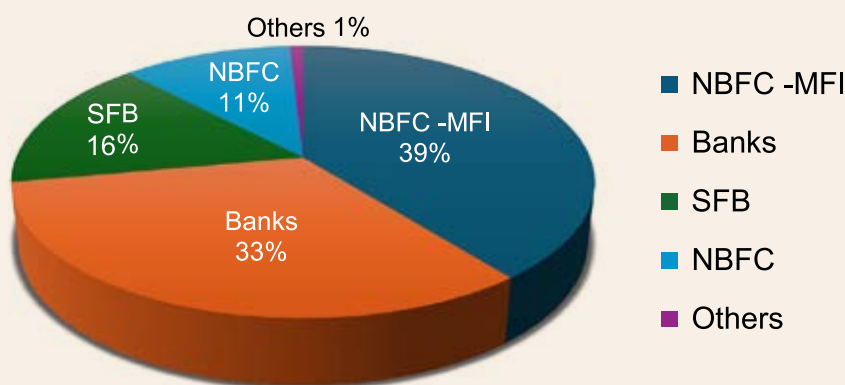


especially in states with strong MFI penetration and stricter portfolio controls. The cap on multiple lenders and better borrower verification helped reduce duplication and misuse of credit. Lenders shifted focus from aggressive growth to portfolio quality and risk-adjusted pricing, with increased board-level oversight. Moreover, rural demand began to recover with improved agricultural outlook and partial relief from extreme weather conditions. As the sector moves into FY 26, it is better equipped with stronger regulatory backing, digital infrastructure, and borrower-aligned practices—laying the foundation for a more sustainable and resilient microfinance ecosystem.

The microfinance industry in India has shown robust resilience, with the total loan portfolio Standing at ₹ 3,75,030 Crores in FY 25. The sector comprises 13.3 Crores active loan accounts, serving 7.8 Crores unique borrowers as on 31 March 2025. The industry has degrown by 13.5% (YoY basis).

### Key highlights of the sector include:

1. **NBFC-MFIs:** Hold the largest share with an outstanding loan amount of ₹ 1,47,566 Crores (39.35% of the total portfolio).
2. **Banks:** Second largest share with ₹ 1,22,826 Crores (32.75% of the total portfolio).
3. **Small Finance Banks:** ₹ 59,252 Crores (15.8% of the total portfolio).
4. **NBFCs:** 11.23% of the total portfolio.
5. **Other MFIs:** 0.87% of the total portfolio.



### 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 has been challenging across the sector due to lot of factors. Some of the aspects which resulted in asset quality concerns on account of Customer over-leveraging, heat waves, elections, new legislations and higher attrition which affected recovery and caused huge challenge for Belstar Microfinance Limited where the AUM has degrown by 20.5%.

CRISIL has reaffirmed the long term rating “CRISIL AA/ Stable” thus making Belstar Microfinance Limited as one of the highest rated NBFC MFI in the country which would help us to position better with lender to obtain competitive pricing.



**Key highlights of our business include:**

- 2.53 million active customers as of March 31, 2025
- Operations across 294 districts in 21 states/UTs through 1,281 branches
- Gross loan portfolio of ₹79,694.79 million as of March 31, 2025
- Focus on SHG & JLG lending model
- CRISIL AA/Stable credit rating, which is the highest in the industry

**Financial Performance**

Even after considering the de- growth in the current year, we have maintained a healthy CAGR over the years which is highlighted below :

- Gross loan portfolio increased from ₹ 43,659 million in FY22 to ₹ 79,695 to FY 25
- Disbursements grew from ₹ 35,464 million in FY22 to ₹60,162 million in FY25
- Active customers increased from 1.38 million in March 2022 to 2.53 million in March 2025
- Branch network expanded from 729 to 1,281 branches between March 2022 and March 2025

Our However, due to number of issues listed above, the key vital parameters have been impacted and listed as below:.

Particulars	FY25	FY24	Growth
Disbursement ( In Mn)	60,162	97,077	-38.0% ↓
Employees (No's)	13,076	10,559	23.8% ↑
Branches (No's)	1,281	1,014	26.3% ↑
Customer Accounts (No's)	25,34,955	28,33,229	-10.5% ↓
Balance Sheet Size ( In Mn)	75,884	93,591	-18.9% ↓
Loan Assets ( In Mn)	79,695	1,00,228	-20.5% ↓

Particulars ( ₹ in Mn)	FY25	FY24
Total Income	21,249.88	18,513.84
Net Interest Income	12,738.75	10,479.50
Securitization/ Direct Assignment during the year	8,765.56	19,948.73
Net worth	17,711.68	17,288.14
Profit After Tax	463.87	3,398.54
Capital Adequacy Ratio (%)	24.97	20.64
Debt Equity Ratio	3.17	4.21
Net Interest Margin	14,103.51	12,486.27
Interest Coverage Ratio	1.07	1.76
Net Profit Margin	2.18%	18.36%
Return on Total Asset	0.55%	4.36%
Return On Equity	2.65%	24.09%
Gross Stage 3 Assets NPA Ratio	4.98%	1.82%
Net Stage 3 Assets NPA Ratio	0.43%	0.17%



## Key Factors Affecting Our Business and Financial Results

**Growth of Microfinance Industry:** FY25 experienced a slowdown in growth, driven largely by external shocks—rising rural inflation, election-related disruptions, and liquidity pressures that affected borrower confidence. Disbursement volumes and AUM declined, reflecting the broader sectoral trend. While growth may return, recovery will hinge on rebuilding borrower sentiment, with our expanded branch and workforce base serving as critical levers.

**Loan Portfolio and Customer Base Growth:** Loan book and active borrower numbers reduced in FY25 due to tighter borrower-level limits and emerging signs of over-indebtedness. While customer acquisition slowed in saturated regions, ongoing geographical coverage investments help position us for a revival, focusing on reactivating quality customers and improving penetration in less stressed pockets.

**Interest Rates and Cost of Funds:** As a responsible microfinance Company, we are cognizant 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 effectively bringing it down to 22.90%. It capitalised on its strong credit rating to consistently raise funds from a wide base of banks and financial institutions. Despite a tight external environment, the Company effectively managed its borrowing costs and maintained stable Net Interest Margins. It continues to focus on diversifying its funding sources to enhance financial flexibility and reduce overall cost pressures.

**Asset Quality:** Asset quality across the microfinance sector came under pressure during the year due to regional disruptions, borrower over-indebtedness, and changing repayment behaviours. These challenges called for stronger credit screening and more focused collection efforts across the industry. In response, the Company enhanced its sourcing discipline and reinforced credit filters at the field level. Dedicated collection teams, early warning systems, and localised interventions were deployed to manage stress accounts. Regular client engagement helped sustain borrower trust and repayment continuity. Despite sectoral headwinds, portfolio quality was safeguarded through consistent on-ground vigilance and operational rigour.

**Operating Expenses:** Operating expenses remained elevated during FY25 due to higher field activity and operational intensity across regions facing repayment stress. Regular reviews of cost centers, tighter expense controls, and improved process efficiency were undertaken to manage overall operational spend amidst challenging external conditions.

**Impact of External Environment:** The business was significantly influenced by a complex external landscape marked by regulatory, political, and environmental factors. The Company had to adapt to evolving RBI guidelines and comply with enhanced borrower-level norms, operational standards, and reporting requirements. Additionally, certain states introduced specific laws around recovery practices, necessitating changes in field protocols and training. Weather-related disruptions, such as irregular monsoons and localized climate events, also affected borrower livelihoods and repayment cycles in some regions. Navigating these dynamics required operational flexibility, deeper risk monitoring, and strong compliance governance.





## Outlook

As the sector emerges from a year of recalibration, the Company is positioned to pursue steady and responsible growth. With foundational investments in operational capacity, digital systems, Risk based decision making integrated along with the loan sanction process based on scoring model at the individual member level and credit discipline already in place, the focus now shifts toward improving productivity, rebuilding loan momentum, and deepening borrower engagement in stable and underserved markets. Early signs of revival in rural demand and improved lender sentiment offer a supportive backdrop. Continued adherence to regulatory expectations, along with sharper portfolio management and funding diversification, will support balance sheet stability and margin sustainability. While growth will be measured and risk-aware, the Company is well-aligned to leverage sector tailwinds and resume forward movement with greater operational confidence.

### **Leveraging Strong Foundations to Navigate Competitive Challenge.**

#### **Strengths:**

- Strong Parentage- Subsidiary of Muthoot Finance Ltd, the largest Gold Loan provider of the country.
- 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

#### **Opportunities**

FY25 was a year marked by sectoral stress, with India's microfinance landscape grappling with multiple external shocks. A confluence of factors—rising rural indebtedness, liquidity tightening, inflationary pressures, and political disruptions, especially during state elections—resulted in reduced credit offtake, heightened delinquencies, and overall market contraction. These pressures exposed vulnerabilities in highly leveraged regions and temporarily dampened borrower sentiment. However, what remained unchanged is the structural demand for formal financial services among women borrowers, micro-enterprises, and informal earners, who continue to remain underserved by mainstream banking. This persistent demand, coupled with the gradual stabilization of rural incomes and early signs of consumption recovery, reaffirms the long-term opportunity to serve these segments through responsible, relationship-driven lending.

Within this evolving environment, regulatory flexibility has opened up new strategic frontiers. The RBI's recent revision allowing up to 40% of the portfolio to comprise non-qualifying assets has significantly widened the scope for product innovation. NBFC-MFIs now have greater latitude to offer diversified financial solutions such as education loans, secured livelihood credit, and income-smoothing instruments that go beyond the traditional JLG model. This shift supports the transition from transactional lending to lifecycle-based financial engagement, helping borrowers navigate not



just enterprise capital needs but also consumption, contingency, and mobility-related requirements. By aligning product development with borrower needs while staying within the prudential guardrails, the Company is well-positioned to construct a more balanced, counter-cyclical loan book that can absorb external shocks more effectively.

Further strengthening this opportunity is the Company's investment in both digital and physical infrastructure throughout FY25. Even as disbursement volumes contracted during the year, branch expansion and employee growth ensured deeper field visibility and operational readiness for future upturns. These on-ground capabilities, now augmented by growing digital infrastructure—including digital collections, credit analytics offer a potent platform to enhance productivity. This hybrid model not only improves service quality in existing markets but also allows efficient expansion into new territories with minimal marginal cost. The ability to calibrate between tech-led scale and relationship-based servicing offers a competitive edge, especially in semi-urban and remote regions where digital maturity is still evolving.

Additionally, the implementation of borrower-level guardrails by MFIN, including limits on borrower indebtedness, number of lenders, and repayment caps, has brought much-needed standardization and discipline to the industry. While these norms may temporarily slow growth in high-penetration areas, they provide long-term benefits by promoting responsible borrowing and eliminating overlap-driven stress. For institutions like ours—where conservative origination, ethical collections, and borrower suitability have always been cornerstones—this reset serves as a competitive differentiator. With improved credit transparency and sector-wide compliance, the foundation is now being laid for deeper, more sustainable customer relationships. Trust, which is becoming a core currency in the microfinance ecosystem, will increasingly favor institutions that balance financial outreach with long-term customer well-being.

## Threats

- **Macroeconomic Shocks:** Monsoon volatility, food inflation, or demand suppression can directly affect rural repayment capacity and credit demand.
- **Political Risks:** State-level elections, waiver demands, or borrower collectivization campaigns could create temporary disruptions or collection bottlenecks.
- **Regulatory Flux:** Evolving RBI regulations—particularly around pricing, income assessment, and KYC norms—could affect business models, requiring frequent adjustments.
- **Competitive Saturation:** The return of large MFIs, NBFCs, SFBs, and digital-first lenders to rural markets is intensifying borrower-level saturation and increasing the risk of over-lending.

## 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. 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 6 months to a maximum of 36 months, with loan amounts ranging from ₹20,000 to ₹150,000. 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 up to 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 upto 18 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 upto 18 months, with loan amounts ranging from ₹10,000 to ₹50,000. 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.

### Introduction of New Product

As part of our strategic initiatives for FY26, we are pleased to announce the launch of exclusive Gold Loans branches across selected states. This product introduction aligns with our goal of diversifying our loan portfolio and capitalizing on the strong and increasing demand for secured lending solutions in semi-urban and rural markets. Gold Loans not only offer quick turnaround and low risk, but also serve as a key entry product for new-to-credit and underserved customers.



## Comparative Assessment of NBFC- MFI Vs Belstar Microfinance Limited

	Belstar Microfinance Limited			Industry		
	FY 23-24	FY 24-25	YoY Change %	FY 23-24	FY 24-25	YoY Change %
Branches	1,014	1,281	26.33%	21,633	24,523	13.36%
Employees	10,559	13,076	23.84%	1,99,113	2,30,547	15.79%
Clients (₹ Cr)	0.28	0.25	-10.53%	4.60	4.20	-8.70%
Loan Accounts (₹ Cr)	0.30	0.27	-10.44%	5.60	5.30	-5.36%
Asset Under Management (₹ Cr)	10,023	7,969	-20.49%	1,67,188	1,47,279	-11.91%
Balance sheet portfolio (₹ Cr)	9,359	7,588	-18.92%	1,36,605	1,19,548	-12.49%
Loans disbursed (During the year, ₹ Cr)	0.19	0.11	-41.41%	3.40	2.20	-35.29%
Loans amount disbursed (During the year, ₹ Cr)	9,708	6,016	-38.03%	1,50,686	1,12,459	-25.37%

(Industry NBFC-MFI data :- Source MFIN micrometer)

Our segment wise classification of our portfolio is

Industry	Fy 24- 25	Fy 23-24
Agriculture and allied	65.76%	66.37%
Services	13.50%	15.43%
Trade and business	10.74%	10.83%
Education loan	0.34%	0.70%
Production or manufacturing	8.70%	5.94%
Consumption loans	0.95%	0.70%
Emergency loans	0.01%	0.04%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Funding Plan

The Company has a comprehensive and integrated Treasury and Cash Management system designed to ensure optimal liquidity management, operational efficiency, and financial control. It supports the end-to-end management of all cash and banking transactions across the organization, including daily collections, disbursements, bank reconciliations, and real-time tracking of cash positions. Through centralized pooling mechanisms, surplus funds from various branches and subsidiaries are aggregated to maximize interest income and enhance liquidity utilization.

In adherence to regulatory requirements and sound liquidity risk management practices, the Company actively monitors and maintains its Liquidity Coverage Ratio (LCR) in line with regulatory standards and internal risk tolerance levels. This ensures the Company holds an adequate stock of high-quality liquid assets (HQLAs) to withstand potential liquidity stress scenarios over a 30-day horizon. The





integration of LCR compliance within the Treasury and Cash Management system strengthens short-term liquidity resilience and reinforces the Company's commitment to prudent fund management.

The Company's funding plan is a critical component of this system, carefully designed to ensure that sufficient capital is available to meet operational needs, strategic initiatives, and debt obligations at all times. The funding plan involves forecasting short-term and long-term cash flow requirements based on detailed budgeting, Income projections, and capital expenditure plans.

To secure funding, the Company leverages a diversified mix of sources, including internally generated cash flows, revolving credit facilities, term loans, bonds, and other financial instruments. The Treasury team continuously monitors market conditions and borrowing costs to optimize the timing and structure of debt issuance. Contingency funding arrangements are also maintained to mitigate liquidity risks in periods of financial stress or unexpected cash outflows.

The funding plan is closely aligned with the Company's investment strategy, balancing the need for liquidity with the goal of maximizing returns on surplus funds. Cash surpluses are deployed into low-risk, high-quality instruments that offer adequate returns while ensuring funds remain accessible for immediate requirements.

## 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:**
  - o Quarterly Risk-Based Internal Audit of all branches
  - o Audits of corporate office functions and specific activities
  - o Portfolio-level audits using data analysis





## ► DIRECTORS' REPORT

To

The Members

**Belstar Microfinance Limited**

Your Directors (the “Board”) take pleasure in presenting the 37<sup>th</sup> Annual Report of Belstar Microfinance Limited (“ the Company”) together with the audited financial statements for the year ended March 31, 2025.

### 1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Company for the year ended March 31, 2025, 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 Regulations.

₹ Millions

Particulars	Year Ended March 31, 2025	Year Ended March 31, 2024
Total Income	21,249.88	18,513.84
Total Expenses	20741.07	14,095.37
Profit before tax	508.81	4,418.47
Tax Expenses	44.94	1,019.93
Profit after Tax	463.87	3,398.54
Basic Earnings Per Share (EPS) (in ₹)	8.46	69.30
Diluted Earnings Per Share (DPS) (in ₹)	8.46	69.30
Equity	17,711.68	17,288.14
Total Liability	58,172.12	76,302.99
Total Asset	75,883.80	93,591.13

### 2. OPERATIONAL HIGHLIGHTS

The summary of Operational highlights is as under:

Particulars	FY 2025	FY 2024
No. of States/UTs	21	19
No. of Branches	1281	1015
No. of Employees	13,076	10,559
No of Borrowers	25,34,955	28,33,229
Gross Disbursement (₹ millions )	60,162.16	97,076.53
Loan Portfolio (₹ millions ) on Balance Sheet	67,289.21	83,274.92
Asset Under Management- AUM (₹ millions )	79,694.79	1,00,227.75





Due to adverse market conditions and over indebtedness of customers the Asset under management (AUM) of the company indicated negative growth on a year-on-year basis.

### 3. DIVIDEND

Considering the market conditions, the Company's performance and future plans, it is prudent to conserve resources. Therefore, the Board of Directors do not recommend any dividend on equity shares for the year ended March 2025.

### 4. TRANSFER TO RESERVES

The Company has transferred an amount equivalent to 20% of the profit after tax, being ₹92.78 millions to the Statutory Reserve under Section 45-IC of the Reserve Bank of India Act, 1934, and ₹ 92.78 millions to the General Reserve out of the net profit for FY25 and ₹ 3899.78 millions is the accumulated balance in Retained Earnings Account (Profit and Loss account and comprehensive income) as at March 31, 2025.

### 5. 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.

### 6. 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 NBFCMFI and it does not carry on any activities other than those specifically permitted by RBI for NBFC-MFI. In addition to this Company has been categorized as NBFC - Middle Layer (NBFC-ML) and fully complied with scale-based Regulations issued by RBI.

As at March 31, 2025, 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, 2025 are as follows:

Capital Adequacy Ratio	March 31,2025
i) CAR - Tier I Capital (%)	22.40
ii) CAR - Tier II Capital (%)	2.57
Capital Adequacy Ratio (CAR %)	24.97



Your Company has a strong funding access with high quality liquid assets (HQLA) which covered the net cash outflow during FY25 in compliance with the RBI Circular on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies dated November 04, 2019.

Your Company continued to secure confidence from its lenders for providing funds for its business operations. Your Company has been maintaining a higher liquidity surplus with positive mismatch across all ALM buckets.

Details of HQLA and LCR during FY25 are given below:

Particular	March 31,2025	December 31,2024*	September 30,2024	June 30,2024
High Quality Liquid Assets (HQLA) - comprises of cash and bank balances(In Million)	3,247.31	3,362.14	2,776.45	6,140.32
Liquidity Coverage Ratio	195%	93%	160%	346%

\*LCR as at December 31,2024 has been less than the prescribed level of 100%. However the company had sufficient liquidity (of Rs. 345487 million) in form of Fixed Deposit with the Banks which was not considered as HQLA. The company had placed adequate liquidity in TBills by which the company complied with the LCR requirements for Q4 FY 25.

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.

## 7. SHARE CAPITAL

The Company has not allotted any number of Equity Shares. 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, 2025.

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.

## 8. RESOURCES MOBILIZATION

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 under review, the company did not raise any fund through NCDs.

The summary as at March 31, 2025, is as below:

S.No	Borrowings / Security type FY24-25	Overall Borrowed Amount Outstanding (₹Crore)	Amount Outstanding (₹Crore)
1	Term Loans Banks	3217	5147.76
2	Term Loans from NBFCs	75	133.90
3	Unsecured NCDs	0	54.17
4	Subordinate debt	0	281.29
5	Direct Assignment	788.90	784.93
	<b>Total</b>	<b>4080.90</b>	<b>6402.05</b>

No interest payment & Principal of the Term loans was due and unpaid during the year ending March 31, 2025, and till the date of this report. The Assets of the Company, which are available by way of security, are sufficient to discharge the claims of the banks and financial institutions as and when they become due.

## 9. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no significant material changes and commitments affecting the financial position of the Company which occurred between the end of financial year March 31, 2025 and the date of this Report.

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

Muthoot Finance Ltd continues to be the holding company as at March 31, 2025, with a shareholding of 66.13%. During the year under review, your company does not have any subsidiary, Joint Venture or Associate Companies.

## 11. DIRECTOR AND KEY MANAGERIAL PERSONNEL

As on March 31, 2025, the Board of your Company consists of Eleven Directors Including two women directors. 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
	Siva Chidambaram Vadivel Alagan
Non-Executive Independent Directors	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.

Mr. V A Prasanth (DIN: 07583586) was inducted into the Board as an Additional Director (Non-Executive and Independent) of the Company wef April 28, 2025.

### I. Changes In Directors and Key Managerial Personnel (KMP) during the FY 25

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

Name	Date of Appointment / Resignation	Nature of Change
Dr. Kalpanaa Sankar	September 01, 2024	Reappointment as Managing Director for a period of one year
Mr. Balasubramanian Balakumaran	December 01, 2024	Reappointment as Wholetime Director for a period of one year
Mr. Chinnasamy Ganesan	March 13, 2025	Reappointed as an Independent Director for a period of five 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, 2025.

### II. Directors Retiring by Rotation

Mr. Siva Vadivelalagan (DIN: 08242283) and Mr. KR Bijimon (DIN:00023071) Non-Executive Directors of the company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.





### **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. Declaration on fit & proper criteria**

All Directors of the Company have confirmed that they satisfy the “fit & proper criteria” as prescribed under chapter XI of Master Direction – Reserve Bank of India (Non- Banking Financial Company – Scale Based Regulation) Direction 2023.

### **V. Policy on Board Diversity**

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 Directors have identified the list of core skills/expertise/competencies as required for them to function effectively as follows and the Board believes that Directors of the Company possess these skills/expertise/competencies, which helps the Company function effectively: Leadership, Strategic Planning and Analysis, Financial, Governance, Information Technology, Risk management, Marketing and Communications. The policy is available on the website of the Company at <https://belstar.in/policies>.

### **VI. Policy on Nomination & Remuneration of Directors, KMPs and Senior Management**

The Policy on Nomination and Remuneration sets out the criteria for determining qualifications, expertise, 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>.

### **VII. 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 the 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.



## **VIII. Director E-KYC**

Pursuant to the requirement prescribe under the Companies (Appointment and Qualification of Directors )Rule 2014,the Directors the active Director Identification Number need to file an eform DIR3 KYC annually on MCA portal verifying their mobile number and personal email address . All the Directors of the Company have complied with the KYC registration on MCA portal for FY2024-25.

## **IX. Independent Directors Meeting**

Pursuant to the Companies Act, 2013 and SEBI Listing Regulations, a separate Meeting of the Independent Directors was held on March 18, 2025 without attendance of Non-Independent Directors and Members of the Management.

## **X. Directors & officers Liability Insurance**

The Directors and officers (D&O) insurance is liability insurance which covers or protects the Directors, and senior management of the Company from claims which may arise due to the decision and action taken while serving their duty. During FY2024- 25, the Company has taken D&O liability insurance for all its Board of Directors and members of senior management.

## **XI. Meetings Of the Board**

The Board met 11 (Eleven) times during the financial year 2024-25. 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 2024-25 are provided in the Corporate Governance Report, which forms part of this Board's Report.

## **XII. 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, IPO Committee & Customer Service Committee their composition, terms of reference and the activities during the year under review are elaborated in the Report on Corporate Governance which forms part of this Board's Report.

## **12. COMPLIANCE MANAGEMENT**

The Company has in place a comprehensive and robust legal compliance management tool, which is designed to ensure compliance with all applicable laws that impact the Company's business. Automated alerts are sent to compliance owners to ensure compliance with stipulated timelines. This measure helps keep track and avoid penalties or other legal issue that could arise from non- compliance. The Compliance owner certifies the compliance status which is reviewed by the compliance approvers and a consolidated dashboard is presented to the respective functional head and compliance officer

## **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. CREDIT RATING

CRISIL Rating Limited (CRISIL) & CARE Rating Limited (CARE) have reaffirmed their ratings on various facilities availed by the Company, details of which are given below:

Instrument	Rating	Amount (₹ in Crore)
Long term Bank loan Ratings	CRISIL AA/Stable	7500
Non-Convertible Debenture	CRISIL AA/Stable	500
	CARE AA-; Stable	24
Debt-Subordinate Debt	CRISIL AA/Stable	85
	CARE AA-; Stable	150

All of the above ratings indicate a high degree of safety with regard to timely payment of interest and principal amount .

#### 16. 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:

- in the preparation of the Annual Financial Statements for the year ended March 31, 2025, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any
- 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 March 31,2025 and the profit/loss of the company for that said year;
- 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;
- they have prepared the annual accounts on a going concern basis;
- 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
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



## 17. 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.

## 18. 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.

## 19. 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 .

## 20. PROHIBITION OF INSIDER TRADING

The Company has adopted the Insider Trading Code of Conduct for prohibition of insider trading in the securities of the company and a code of practice and procedure for Fair Disclosure of unpublished price sensitive information.

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

Company has no Gold Loan portfolio during the FY 2024-25 in the books of the Company.

## 22. 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), of M/s Sundaram and Srinivasan, Chartered Accountants (Firm Registration No. (004207S)) were appointed 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 the calendar year 2027.

The Auditors' Reports for the financial year ended on March 31, 2025, submitted by M/s Sundaram and Srinivasan, 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.

### 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, 2025.

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”.

Further, the Board of Directors in its Meeting held on August 01, 2025, has recommended the appointment of KSR & Co, Company Secretaries LLP, Coimbatore a Peer Reviewed Firm having LLPIN AAB-3259 as the Secretarial Auditors of the Company for a term of 5 (Five) consecutive years commencing from FY2025-26, till FY2029-30 subject to approval of the members at the ensuing Annual General Meeting .

#### **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 Company has its in-house Internal Audit team to conduct audits and also has a full-fledged audit team based out of Zonal and Regional/state offices. Each state has a State Audit Head, who has a team of Internal Auditors to manage the audit work of the state. The Internal Audit team follows the Annual Internal Audit plan, and all the branches are audited once or twice a quarter depending on the risk rating.

The audit plan is aimed at evaluating 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 Risk 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.

### **23. 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>.

### **24. INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY**

The Company has a sound Internal Control System, commensurate with the nature, size, scale and complexity of its operations, which ensures that transactions are recorded, authorized and reported correctly.



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 was observed in the Company.

Furthermore, during the Financial Year 2024-25, 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.

## **25. RELATED PARTIES TRANSACTION**

The Policy on materiality of Related Party Transactions and dealing with Related Party Transactions (“RPT Policy”) provides for identification, necessary approvals by the Audit Committee/Board, reporting and disclosure requirements in compliance with the requirements of the Act and the SEBI LODR Regulations as amended.

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 2024-25, with its related parties, were on arm length basis and were reviewed by the Audit Committee and in absence of any criteria, approval was obtained as per the applicable provisions and RPT Policy of the Company. 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.

The disclosure of RPTs as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable.

## **26. RISK MANAGEMENT POLICY.**

Risk management is ingrained in the Company’s operational framework. Proper processes are in place for risk identification, measurement, reporting and management. The Company has a Risk Management Policy, wherein risk management practices are integrated into governance and operations and has developed a strong risk culture within the Organization. Further, the risk management process is continuously reviewed, improved and adapted in the context of 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. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Board of Directors has constituted Risk Management Committee to identify, monitor and review all the elements of risk associated with the Company.



**27. PARTICULARS OF LOAN GUARANTEES OR INVESTMENTS.**

During the year under review, the Company has not given any loan 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.

**28. 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	<b>Conservation of energy</b> the steps taken or impact on conservation of energy; the steps taken for utilizing alternate sources of energy; the capital investment on energy conservation equipment;	As a loan provider, the Company's operations involve low energy usage, primarily for operational purposes. Hence the Act relating to conservation of energy and technology absorption does not apply to the Company.
B	<b>Technology absorption</b> the exerts made towards technology absorption; 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	Despite this, the Company maintains a steadfast commitment to energy conservation and technological advancement across its operations by using information technology extensively in its operations and continues to invest in energy-efficient equipment at all locations.

**b) Foreign Exchange Earnings and Outgo**

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

Nature	Currency	₹ Millions
Dividend Paid to foreign shareholders	USD	10.98
Professional Fees	USD	11.78
	EURO	0.85



## 29. 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>.

The Company believes that CSR is way of creating shared value and contributing to social and environmental good. 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.

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 ₹ 4,44,86,667 and the company spent the entire amount towards CSR activities during the financial year 2024-25.

The Annual Report on CSR activities as required under the Companies (CSR Policy) Rules, 2014 is appended to this report as “Annexure 3”.

## 30. 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 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 to increase the motivational levels of the workforce thereby sustaining growth and achieving targets.

## 31. 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 4” which forms part of this report.

## 32. 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 organisations.

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 5".

### **33. 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>.

### **34. 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.

### **35. COMPLIANCE WITH THE MATERNITY BENEFIT ACT, 1961**

The Company has complied with the provisions of the Maternity Act, 1961, including all applicable amendments and rules framed thereunder. The Company is committed to ensuring a safe, inclusive,



and supportive workplace for its female employees. All eligible women employees are provided with maternity benefits as prescribed under the Maternity Act, 1961, including paid maternity leave, nursing breaks, and protection from dismissal during maternity leave.

The Company also ensures that no discrimination is made in recruitment or service conditions on the grounds of maternity. Necessary internal systems and HR Policies are in place to uphold the spirit and letter of the legislation.

### 36. GENDER-WISE COMPOSITION OF EMPLOYEES

In alignment with the principles of diversity, equity and inclusion (DEI), the company discloses below the gender composition of its workforce as on March 31, 2025.

Male Employees	10,731
Female Employees	2,345
Transgender Employees	Nil
Total Employees	13,076

This disclosure reinforces the Company's efforts to promote an inclusive workplace culture and equal opportunity for all individuals regardless of gender.

### 37. 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 Policy formulated by the company for Anti Sexual Harassment Policy is available on website of the Company at <https://belstar.in/policies>

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





### 38. 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.

### 39. 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>.

### 40. 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.

### 41. 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.

### 42. 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.

### 43. 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.

### 44. OTHER DECLARATIONS

- 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.

#### 45. 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.

Place : Chennai  
Date : August 01 , 2025

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

Sd/-  
**B Balakumaran**  
Wholetime Director  
DIN: 09099182

## ► 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.

Place : Chennai  
Date : August 01 , 2025

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





## ► ANNEXURE - 02

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2025

[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 31<sup>st</sup> March, 2025 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Belstar Microfinance Limited (“the Company”) for the financial year ended on 31<sup>st</sup> March, 2025 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;<sup>1</sup>
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;<sup>1</sup>
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;<sup>2</sup>
  - 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;<sup>3</sup>
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;<sup>1</sup> and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;<sup>4</sup>
- (vi) Following other laws applicable specifically to the company:
- a) The Reserve Bank of India (RBI) Act, 1934;
  - b) Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023
  - c) Master Direction - Reserve Bank of India (Filing of Supervisory Returns) Directions - 2024
  - d) Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016.
  - e) 'Know Your Customer' (KYC) Guidelines - Anti Money Laundering Standards (AML) - 'Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules notified there under'.
  - f) Reserve Bank of India (Fraud Risk Management in NBFCs) Directions, 2024.

**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.

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.

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





## We further report that

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

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

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

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

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

1. The Company has filed Draft Red Herring Prospectus (DRHP) with The Securities and Exchange Board of India and obtained necessary approval for Initial Public Offer of Equity shares of face value of ₹10 each of the Company up to an aggregate amount of ₹10,000 millions including share premium.
2. The Board has authorised issue of Non-convertible Debentures up to ₹2,000 Crores on private placement basis, in multiple tranches. However, no issue or allotment or redemption of Non-convertible Debentures was made during the year.
3. Alteration of Articles of Association.
4. Alternation of Memorandum of Association.
5. The Company has re-appointed the following Key Managerial Personnel:
  - Dr. Kalpanaa Sankar as Managing Director for a period of one year with effect from 1st September 2024 to 31st August 2025.
  - Mr. Balasubramanian Balakumaran as Whole-time Director for a period of one year with effect from 1st December 2024 to 30th November 2025.
6. Pursuant to Section 180 of the Companies Act 2013 the Company has increased the borrowing powers of the Board of Directors to an amount not exceeding ₹15,000 Crores at any point of time.
7. During the year under review, the Company has declared final dividend of ₹0.75 per equity share having facing value of ₹10 each for the financial year ended 31st March 2024.



8. The Company vide special resolution has increased the investment limit for non-resident Indian and overseas citizens of India in the equity shares of the Company from 10% to 24% as permitted under the Foreign Exchange Management Act, 1999 and the Circulars and Master directions issued by RBI from time to time.

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**

(Peer review cert no. 5868/2024)

**Deepa V. Ramani**

Partner

FCS 5574 | CP 8760

UDIN: F005574G000220118

Place : Chennai  
Date : 28.04.2025





## ► ANNEXURE - 03

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**  
(Peer review cert no. 5868/2024)

**Deepa V. Ramani**  
Partner

Place : Chennai  
Date : 28.04.2025

FCS 5574 | CP 8760  
UDIN: F005574G000220118



## 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 CSR Policy of the Company is guiding document to optimally allocate, manage and supervise the prescribed CSR Fund of the Company. The key value of our CSR initiatives are to provide benefit to all the people irrespective of their background details. The Company's CSR mission is contributing towards social and economic development of the Community by supporting them through programs designed in the domain of vocational training, women empowerment, improving financial literacy amongst rural women and health awareness.

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
Mrs. Rajeswari Karthigeyan	Independent Director	1	1
Mr. K R Bijimon	Non-Executive Director	1	1
Mr. Vijay Nallan Chakravarthi	Non-Executive Director	1	-

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)	2,22,43,33,333
	(b) Two percent of average net profit of the company as per section 135(5)	4,44,86,667
	(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).	4,44,86,667





6.	Particular	Amount in (₹)
	(a) Amount spent on CSR Projects:	
	(i) Ongoing Project	-
	(ii) Other than On going Project	4,44,86,667
	(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) ].	4,44,86,667

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135 (6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135 (5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
4,44,86,667	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)	4,44,86,667
(ii)	Total amount spent for the Financial Year	4,44,86,667
(iii)	Excess amount spent for the financial year ((ii)-(i))	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years ((iii)-(iv))	-



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

S. No	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Balance amount in unspent CSR amount under section 135(6) (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to a fund as specified under Schedule VII as per section 135(5), if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1	2021-22	-	-	-	-	-	-	
2	2022-23	-	-	-				
3	2023-24	-	-	-	-	-	-	
	<b>TOTAL</b>	-	-	-	-	-	-	

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/-

**B Balakumaran**  
Chairman – CSR Committee  
DIN: 09099182

Place : Chennai  
Date : August 01, 2025





## ► ANNEXURE - 04

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: 83: 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 : 0 % Executive Director : 15% Chief Financial Officer: 13 % Company Secretary : 20 %
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 31,2025;	13076
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 10.23 % and the average increase in the managerial remuneration was 8.42 %.  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**

S No	Employee name	Designation	Qualification	Remuneration Received (₹)	Nature of employment	Employed since	Age	Previous Employment Details	Whether relative of any Director or Manager
1	Kalpana Sankar	Managing Director	Ph.D. in Physical Sciences & Executive MBA	2,10,21,600	Permanent	11-02-2009	61	Tamil Nadu Women Development Corporation	No
2	Ashish Misra@	Chief Operating Officer	B.Com (Hons) & PGDBA	1,47,96,040	Permanent	01-12-2023	52	Fincare Small Finance Bank	No
3	Muralidharan L	Chief Financial Officer	Chartered Accountant	1,04,34,146	Permanent	01-09-2015	47	Hand in Hand India	No
4	N Karuppusamy	Business Head - South	B.Sc Agri, M.A. Sociology	88,21,179	Permanent	08-05-2019	50	HDFC Bank Limited	No
5	Dhanasekaran S	Chief Technology Officer	B.Tech & Executive MBA	78,01,836	Permanent	14-07-2021	51	Samunnati Financial Intermediation & Services Private Limited	No
6	Ravindran P S	Head - HR	BSC (Agriculture) & MBA	74,62,782	Permanent	18-06-2018	51	Equitas Small Finance Bank	No
7	Manoharan S	Chief General Manager	MSW & BL	74,48,865	Permanent	09-02-2022	44	Fullerton India Credit Company Limited	No
8	Chandramouleeswaran S	Head Audit	Chartered Accountant	69,15,674	Permanent	18-12-2021	43	DataTracks Services Private Limited	No
9	Parthasarathy G	Chief Risk Officer	BL & BSc	67,88,721	Permanent	01-02-2018	47	Madura Micro Finance Limited	No
10	Suresh Babu R	Head - Applications	BE - Computer Applications	63,74,770	Permanent	15-07-2017	41	Madura Micro Finance Limited	No

@ Resigned wef. September 2024





**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	Employedsince	Age	Previous Employment Details	Whether relative of any Director or Manager
Kalpanaa Sankar	Managing Director	Ph.D. in Physical Sciences & Executive MBA	2,10,21,600	Permanent	11-02-2009	62	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	Employedsince	Age	Previous Employment Details	Whether relative of any Director or Manager
Ashish Misra@	Chief Operating Officer	BCom (Hons) & PGDBA	1,47,96,040	Permanent	01-12-2023	51	Fincare Small Finance Bank	No

@ Resigned wef. September 2024

- 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/-  
**B Balakumaran**  
Chairman - CSR Committee  
DIN: 09099182

Place : Chennai  
Date : August 01, 2025



## ► ANNEXURE - 05

### REPORT ON CORPORATE GOVERNANCE

#### 1. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

Effective corporate governance practices constitute the cornerstone of enduring and successful businesses. The Company's commitment to corporate governance guides its business decisions while ensuring financial responsibility, ethical conduct, and fairness to all stakeholders including employees, customers, investors, regulators, suppliers and the society at large.

Belstar Microfinance Limited (BML) believes that good governance facilitates efficient, effective and entrepreneurial management that can deliver stakeholder value over long term. It is about commitment to values and ethical business conduct. It is a set of laws, regulations, processes and customs affecting the way a company is directed, administrated, controlled or managed. Good corporate governance forms the foundation for successful and integral organizations, institutions, and markets. It is based on the principles of integrity, fairness, equity, transparency, accountability, and commitment to values. These practices stem from an organization's culture and mindset, and their effectiveness depends on regular review, preferably by independent parties.

The Company has developed a corporate governance framework which ensures effective board governance procedures, strong internal control systems, accountability and transparency. The Company has implemented various codes and policies to ensure best corporate governance practices at all levels. By upholding these practices, the Company aims to create an efficient and sustainable environment that benefits its stakeholders in the long run. The Company is committed in seeking opportunities for improvements on an ongoing basis.

The corporate governance philosophy of the Company is based on the following principles:

- Follow the spirit and not just the letter of the law. Corporate governance standards should go beyond the law.
- Be transparent and maintain high degree of disclosure levels. When in doubt, disclose.
- Make a clear distinction between personal convenience and corporate resources.
- Have a simple and transparent corporate structure driven solely by business needs.
- Communicate externally, in a truthful manner, about how the Company runs internally.
- Comply with the laws of all the countries in which the Company operates.
- Management is the trustee of shareholders' capital and not the owner.

Corporate governance is an integral part of the philosophy of the Company in its pursuit of excellence, growth and value creation. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal control and promotion of ethics at workplace have been institutionalized. The Company recognizes that good governance is a continuing exercise and reiterates its commitment to pursue highest standards of





corporate governance in the overall interest of its stakeholders.

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.

## 2. BOARD OF DIRECTORS.

The Board of Directors (“Board”) determines the purpose and values of the Company. The primary role of the Board is that of trusteeship so as to protect and enhance stakeholders’ value through strategic supervision.

The Board exercises leadership, integrity and judgment in directing so as to achieve continuing prosperity and to act in the best interest of the Company. The Board plays a critical role in overseeing how the management serves the short-term and long term interests of shareholders and other stakeholders. This is reflected in the Company’s governance practices, through which it strives to maintain an active, informed and independent Board. The Board ensures that the Company complies with all relevant laws, regulations, governance practices, secretarial, accounting and auditing standards. It identifies key risk areas and key performance indicators of the Company’s business and constantly monitors these factors.

The Board is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties.

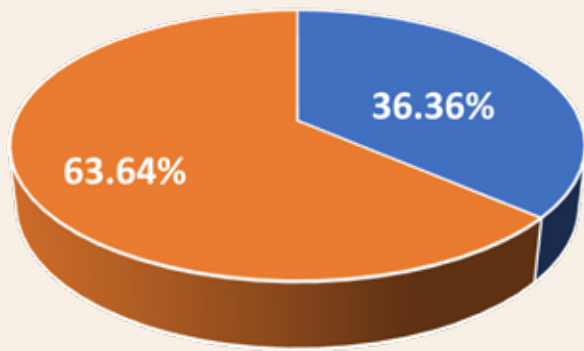
The Board has delegated the operational conduct of the business to the Managing Director (MD) and Whole-Time Director (WTD) of the Company. The Management Committee of the Company is headed by the MD & WTD and has business / functional heads as its members, who manage the day-to-day affairs of the Company.

### Board Size & Composition

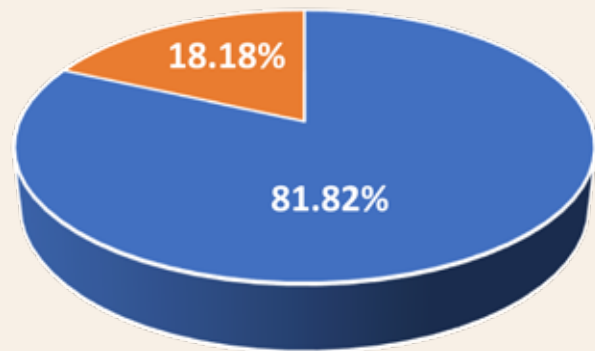
The Board is at the core of the Company’s corporate governance practices and oversees how the management serves and protects the interest of all the stakeholders. The Company believes that an active, well informed and diversified Board is necessary to achieve highest standards of corporate governance.

In Compliance with the provision of the Companies Act 2013 (“Act”), the SEBI ( Listing obligation and Disclosure Requirements ) Regulations 2015 (“SEBI Listing Regulations”) and the Reserve Bank of India (Non- Banking Financial Company - Scale Based Regulations ) Master Direction 2023, No RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19,2023 (“RBI Master Direction”),the Board of the Company has an optimum combination of Executive, Non- Executive, and Independent Director.

As at March 31, 2025, the Board consists of Eleven (11) Directors,(Including Two Women Directors) consisting of Two Executive Directors 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.



■ Independent Directors
 ■ Non-Independent (Executive & Non-Executive)



■ Men
 ■ Women

The composition of the Board is fully compliant with requirements of Act and Rules made there under and the SEBI Listing Regulation as amended time to time.

The names, categories, and other details of the Directors as of March 31, 2025, 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
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	1	The Karur Vysya Bank Limited	3(2)
Rajeswari Karthigeyan DIN: 10051618	Independent Director	2	1. Craftsman Automation Limited. 2. Happy Forgings Limited.	5(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	3
Vijay Nallan Chakravarthi DIN: 08020248	Non-Executive Director	1	Northern Arc Capital Ltd	2
Siva Chidambaram Vadivelalagan DIN: 08242283	Non-Executive Director	0	-	2

\*Equity Listed Companies only





Mr. V A Prasanth (DIN: 07583586) was inducted into the Board as an Additional Director (Non-Executive and Independent) of the Company wef April 28, 2025.

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 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 Master Direction.

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.

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.

During FY25, 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.

#### **Key Board qualifications, expertise and attributes**

The table below summarizes the key qualifications, skills, and attributes that are taken into consideration while nominating candidates to serve on the Board.



<b>Leadership</b>	Innate leadership skills including the ability to represent the organization and set appropriate Board and organization culture. Demonstrated strengths in talent development, succession planning and bringing change and long-term future growth.
<b>Strategic Planning and Analysis</b>	Ability to critically identify and assess strategic opportunities and threats and develop effective strategies in the context of long term objectives and the organizations' relevant policies and priorities
<b>Financial</b>	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation, and financial reporting processes, or experience in actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions
<b>Governance</b>	Understanding of the various governance and compliance requirements under various applicable laws, supporting a strong Board base and management accountability, transparency, and protection of shareholder interests.
<b>Diversity</b>	An appropriate mix of varied cultures, ethnicity, geography, gender, age, philosophies, life experiences and other diversity perspectives that expand the Board's understanding of the needs of diverse stakeholders and a better ability to respond to changes.
<b>Information Technology</b>	Reasonable knowledge and experience in technology with an ability to foresee technological trends and changes, apply new technology and bring about innovations in business strategies.
<b>Risk management</b>	Experience in identifying and evaluating the significant risk exposures to the business strategy of the Company and assess the Management's actions to mitigate strategic, legal and compliance, and operational risk exposures
<b>Marketing and Communications</b>	Ability to analyze the market and technological impacts, developing strategies for brand awareness and brand building and enhancing market share.

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. The Directors so appointed are drawn from diverse backgrounds and possess special skills/ knowledge about the financial services industry.

### Role of the Board of Directors

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

- Exercising appropriate control to ensure that the Company is managed efficiently to fulfil stakeholders' aspirations and societal expectations.





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

We believe that an active, well-informed, diversified and independent board is necessary to ensure the highest standards of corporate governance. At BML, the Board is at the core of our corporate governance practice. The Board oversees the Management's functions and protects the long-term interests of our stakeholders. The responsibilities and authority of the Chairman, and Managing Director("MD") are as follows:

#### **Chairman**

The Company has separated the roles of Chairman and the MD to create a more balanced governance structure. The Chairman leads the Board and is responsible for fostering and promoting the integrity of the Board while nurturing a culture in which the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. He presides over all meetings of the Board and of the shareholders of the Company. The Chairman takes a lead role in managing the Board and facilitates effective communication among directors.

#### **Managing Director**

The MD is responsible for executing corporate strategy in consultation with the Board, as well as for brand equity, planning, building external contacts and all matters related to the management of the Company. He is responsible for achieving annual and long-term business targets. The MD also monitors the external and internal competitive landscape, and new industry developments and standards, identifies opportunities for expansion and acquisition, and builds relationships with customers and markets to enhance shareholder value and implement the organization's vision, mission, and overall direction. The MD acts as a link between the Board and the Management and is also responsible for leading and evaluating the work of other executive leaders.

#### **Board and Committee Meetings – Functioning and Procedure**

<b>Calendar</b>	The calendar for the Board and Committee meetings for the forthcoming financial year are decided in advance and published as part of this Report.
<b>Frequency</b>	The Board meets at least once in a quarter to review the financial results and other items of the agenda. Whenever necessary, additional meetings are held. In case of business exigencies or urgency of matters, resolutions are passed by circulation.



<b>Location</b>	The venue of attending the Board / Committee meetings is informed well in advance to all the Directors. Every Director is expected to attend the meetings in person. The Company effectively uses videoconferencing facility to enable the participation of Directors who are not able to attend the meetings in person.
<b>Matters</b>	All divisions / departments of the Company are advised to schedule their work plans in advance, particularly with regard to matters requiring discussions / approval / decision of the Board and / or its Committee(s). All such matters are communicated to the Company Secretary in advance so that the same can be included in the agenda for the Board /Committee meetings, after seeking approval of the Chairperson of the Board / respective Committee.
<b>Meeting material/ agenda distributed in advance</b>	Meetings are governed by the structured agenda. The agenda for each Board / Committee meeting is circulated in advance to the Directors. The agenda items are backed by the comprehensive background information. All material information is incorporated in the agenda facilitating meaningful and focused discussions in the meeting. Every Director is free to suggest items for inclusion in the agenda. Also, the Company has adopted a web-based application for transmitting Board / Committee Agenda(s).
<b>Presentations by management</b>	The Board is given presentations covering operational performance, financials and major updates on business opportunities, business strategy, risk management practices, treasury , tax update, litigation update, changes in applicable law(s), etc.
<b>Access to Employees</b>	The Directors are provided free access to communicate with the officers and employees of the Company. Management is encouraged to invite the Company personnel to any Board / Committee(s) meeting at which their presence and expertise would help the Board to have a full understanding of the matters being considered.
<b>Availability of Information to Board members</b>	The information placed before the Board includes annual operating plans and budgets including operating and capital expenditure budgets, financial results of the Company both consolidated and standalone basis, risk assessment and minimization procedures, update on the state of the market for the business as well as on the strategy, minutes of all the Board Committees, related party transactions, details of the treasury investments, details of foreign exchange exposure, update on statutory and secretarial compliance reports and reports of non-compliances, if any, information on recruitment / remuneration of senior officers, show cause / demand notices, if any, details of joint ventures or collaboration agreements, significant changes in the accounting policies, significant changes in laws, sale of any material nature, etc.



<b>Post meeting follow-up mechanism</b>	The guidelines for Board and Committee meetings facilitate an effective post meeting follow up review and reporting process for the decisions taken by the Board and Committee(s) thereof. The important decisions taken at the Board / Committee meetings are promptly communicated to the concerned departments / divisions. Action taken report on the decisions of the previous meeting(s) is placed at the subsequent meetings of the Board / Committee(s) for information and review by the Board / respective Committee(s).
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### Board Meetings and Attendance

Eleven (11) meetings were held during the Financial year 2024-25. These meetings were held on April 05, 2024, April 26, 2024, May 02, 2024, May 09, 2024, June 06, 2024, August 02, 2024, August 22, 2024, October 30, 2024, December 03, 2024, December 21, 2024 and February 04, 2025. The necessary quorum was present at all the meetings and Independent Directors were also present in such meetings. The maximum interval between any two meetings did not exceed 120 days. The following table gives the attendance of the Directors at the Board Meetings held during FY 2024-25 and at the last AGM:

Name of Directors	Annual General Meeting	Board Meeting % of Attendance													% of Attendance
	13/09/2024	05/04/2024	26/04/2024	02/05/2024	09/05/2024	06/06/2024	02/08/2024	22/08/2024	30/10/2024	03/12/2024	21/12/2024	04/02/2025	Held during the FY	Attended during the FY	
K Venkataraman	P	P	P	P	P	P	P	P	P	P	P	P	11	11	100
V A George	P	P	P	P	P	P	P	P	P	P	P	P	11	11	100
Chinnasamy Ganesan	P	P	P	P	P	P	P	P	P	P	P	P	11	11	100
Rajeswari Karthigeyan	A	P	P	P	P	P	P	P	P	P	P	P	11	11	100
Kalpanaa Sankar	P	P	P	P	P	P	P	P	P	P	P	P	11	11	100
B Balakumaran	P	P	P	P	P	P	P	P	P	P	P	P	11	11	100
KR Bijimon	P	P	P	P	P	P	P	P	P	P	P	P	11	11	100
George Alexander	P	P	A	P	A	P	P	A	P	P	P	P	11	8	67
George Muthoot Jacob	A	P	A	P	P	P	P	P	P	A	A	P	11	8	67
Vijay Chakravarthi Nallan	A	A	P	P	P	P	P	P	P	P	P	P	11	10	91
Siva Vadivelazagan	A	A	P	P	A	P	P	A	A	A	A	P	11	5	45

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

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 18, 2025, without the attendance of non-independent directors and members of Management, inter alia, and discussed 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 Company, 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 Company 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

All new non-executive directors inducted to the Board are introduced to our Company culture through orientation sessions. Executive directors and senior management provide an overview of operations and familiarize the new non-executive directors on matters related to our values and commitments. They are also introduced to the organization structure, services, constitution, Board procedures, matters reserved for the Board, major risks and risk management strategy.

Non-executive and independent directors of the Board are familiarized through engagements such as:

**Strategy retreat:** We organize periodic management strategy retreat with the Board to deliberate on various topics related to strategic planning, progress of ongoing strategic initiatives, risks to strategy execution and the need for new strategic programs to achieve the Company's long-term objectives. This provides the Board members a platform to bring their expertise to various strategic initiatives, while also giving an opportunity for them to understand detailed aspects of execution and challenges relating to the specific theme. Through this process, members of the Board can interact closely with the senior leadership of the Company and get a comprehensive and balanced perspective on the strategic issues facing the Company, the competitive differentiation being pursued by the Company and an overview of the execution plan.

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

## 3. DETAILS OF BOARD COMMITTEES

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





As at March 31, 2025, the Board has 9 (Nine) Committees viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee, IT Strategy Committee, Finance Committee, IPO Committee and Customer Service 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. The Chairperson of each Committee regularly briefs the Board on key decisions, recommendations and decision taken in the respective Committee meetings. The quorum for meetings is the higher of two members or one third of the total number of members of the committee. 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 the provisions of the Section 177 of the Act, Regulation 18 of SEBI Listing Regulations, and the RBI Master Directions.

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.

During the year under review, the Audit Committee met Seven (7) times: April 26, 2024, May 09, 2024, August 01, 2024, September 13, 2024, October 29, 2024, December 21, 2024, and February 03, 2025.

As on March 31, 2025, the Audit Committee comprises six (6) members, the majority of whom are Independent Directors. The details of the attendance of the Directors at the Audit Committee meetings are given below:



Name of Directors	Designation In the Committee	26/04/2024	09/05/2024	01/08/2024	13/09/2024	29/10/2024	21/12/2024	03/02/2025	Held during the FY	Attended during the FY	% of Attendance
Chinnasamy Ganesan	Chairman	P	P	P	P	P	P	P	7	7	100
V A George	Member	P	P	P	P	P	P	P	7	7	100
K Venkataraman	Member	P	P	P	P	P	P	P	7	7	100
K R Bijimon	Member	P	P	P	P	P	P	P	7	7	100
B Balakumaran	Member	P	P	P	P	P	P	P	7	7	100
Rajeswari Karthigeyan	Member	P	P	P	P	P	P	P	7	7	100

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 Act, Regulation 19 of SEBI Listing Regulations and RBI Master Directions.

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.

As on March 31, 2025, the Nomination and Remuneration Committee comprises three (3) members, the majority of whom are Independent Directors.

Nomination and Remuneration Committee met (5) Five times during the year, on June 06, 2024, August 01, 2024, October 29, 2024, February 03, 2025 and March 13, 2025. 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	06/06/2024	01/08/2024	29/10/2024	03/02/2025	13/03/2025	Held during the FY	Attended during the FY	% of Attendance
V A George	Chairman	P	P	P	P	P	5	5	100
George M Jacob	Member	P	P	P	P	P	5	5	100
K Venkataraman	Member	P	P	P	P	P	5	5	100

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 (Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, corporate social responsibility (CSR) Committee and Information Technology (It) Strategy Committee) 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, 2025 are as follows:

SI. No.	Particulars of Remuneration	Dr. Kalpanaa Sankar Managing Director (₹)	Mr. B Balakumaran Whole time Director (₹)
1	Salary as per provisions of section 17(1) of the Income-tax Act, 1961	2,10,21,600	43,38,407
2	Other Perquisites	-	-
	<b>Total (A)</b>	2,10,21,600	43,38,407
	<b>Ceiling as per the Act</b>	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 details of sitting fees paid to Non - Executive, Independent Directors for attending the meeting of the Board and relevant Committees during the Financial Year 2024-25 are as under:



Name of the Director	Sitting Fees Paid (₹)		Total (₹)
	Board Meeting	Committee Meeting	
K Venkataraman	11,00,000	13,50,000	24,50,000
V A George	11,00,000	9,50,000	20,50,000
Chinnasamy Ganesan	11,00,000	9,00,000	20,00,000
Rajeswari Karthigeyan	11,00,000	7,50,000	18,50,000
KR Bijimon	11,00,000	7,50,000	18,50,000
George Alexander	8,00,000	4,00,000	12,00,000
George Muthoot Jacob	7,00,000	2,50,000	9,50,000
Vijay Chakravarthi Nallan	10,00,000	3,00,000	13,00,000
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, 2025, the Stakeholders' Relationship Committee ("SRC") comprises of four (4) members, including one (1) Independent Director .

During the year under review, the SRC met once on February 03, 2025. The composition of the Committee along with Details of the attendance are given below:

Name of Directors	Designation in the Committee	03/02/2025	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 2024-25 are as follows:

S.No	Particulars	Equity	NCDs
1	Number of investor complaints pending at the beginning of the year (i.e. 01.04.2024)	0	0
2	Number of investor complaints received during the year (i.e. 01.04.2024 to 31.03.2025)	0	0
3	Number of investor complaints redressed during year (i.e. 01.04.2024 to 31.03.2025)	0	0
4	Number of investor complaints remaining unresolved at the end of the year (i.e. 31.03.2025)	0	0

### • RISK MANAGEMENT COMMITTEE

The Risk Management Committee was constituted in accordance with Regulation 21 of SEBI Listing Regulation and RBI Master Directions.

The Company has a risk management framework duly approved by its Board. The Committee and the Board periodically review the Company's risk assessment and minimisation procedures to ensure that the Management identifies and controls risk through a properly defined framework

As on March 31, 2025, the Risk Management Committee of the Board comprises Six (6) members including two (2) Independent Directors. During the year under review, the Risk Management Committee met (4) Four times on April 29, 2024, July 26, 2024, October 25, 2024, and January 24, 2025. The details of the attendance of the Directors at the Risk Management Committee meetings are given below:

Name of Directors	Designation In the Committee	29/04/2024	26/07/2024	25/10/2024	24/01/2025	Held during the FY	Attended during the FY	% of Attendance
K Venkataraman	Chairman	P	P	P	P	4	4	100
Kalpanaa Sankar	Member	P	P	P	P	4	4	100
George Alexander	Member	P	P	P	P	4	4	100
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

The Risk Management Committee of the Board of Directors was re-constituted on April 28, 2025 where Mr. Rajeswari Karthigeyan was inducted as member and appointed as the chairperson of the committee





### • 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.

As on March 31, 2025, the CSR Committee comprises four (4) members including one (1) Independent Director. The CSR Committee met once during the year on May 22, 2024. The details of the attendance of the Directors at the CSR Committee meetings are given below:

Name of Directors	Designation in the Committee	22/05/2024	Held during the FY	Attended during the FY	% of Attendance
B Balakumaran	Chairman	P	1	1	100
K R Bijimon	Member	P	1	1	100
Vijay Chakravarthi Nallan	Member	A	1	0	0
Rajeswari Karthigeyan	Member	P	1	1	100

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

### • INFORMATION TECHNOLOGY (IT) STRATEGY COMMITTEE

The IT Strategy Committee was constituted in accordance with RBI Master Direction RBI/2023-24/107 DoS.CO.CSITEG/SEC.7/31.01.015/2023-24 dated November 07, 2023 on Information Technology Governance, Risk, Controls and Assurance Practices

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.

As on March 31, 2025, the IT Strategy Committee comprises of (5) five members including (1) one independent Director and Chief Technology officer (CTO).

During the year under review, the committee met four times on April 02, 2024, July 05, 2024, December 13, 2024, and March 24, 2025.



Name of Directors	Designation In the Committee	02/04/2024	05/07/2024	13/12/2024	24/03/2025	Held during the FY	Attended during the FY	% of Attendance
K Venkataraman	Chairman	P	P	P	P	4	4	100
Kalpanaa Sankar	Member	P	P	P	P	4	4	100
George Alexander	Member	P	P	P	P	4	4	100
Vijay Chakravarthi Nallan	Member	A	A	P	P	4	2	50
Dhanasekaran S	Member (CTO)	P	P	P	P	4	4	100

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

The IT Strategy Committee of the Board of Directors was re-constituted on April 28, 2025 where Mr. V A Prasanth was inducted as member and appointed as chairman of the committee.

#### • 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 Seven (7) times during the year: May 29, 2024, June 28, 2024, September 13, 2024, October 25, 2024, November 12, 2024, December 30 and 2024, January 30, 2025. 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	7	7	100
B Balakumaran	Member	7	7	100

#### • IPO COMMITTEE

The IPO Committee was constituted at its Board Meeting held on April 26, 2024, specifically to discuss appointment of various intermediaries, filing the draft red herring prospectus with Securities and Exchange Board of India ("SEBI") and filing the red herring prospectus and the prospectus with SEBI, the stock exchanges where the equity shares of the Company ("Equity Shares") are proposed to be listed ("Stock Exchanges"), and the Registrar of Companies, Tamil Nadu at Chennai ("Registrar of Companies") or any other statutory agencies or relevant authorities as may be required and other matters incidental thereto.

As on March 31, 2025, the IPO Committee comprises Seven (7) members including Three (3) Independent Directors.

During the year under review, the IPO Committee met once on May 03, 2024. The details of the attendance of the Directors at the IPO Committee meetings are given below:





Name of Directors	Designation in the Committee	22/05/2024	Held during the FY	Attended during the FY	% of Attendance
Vadakkakara Antony George	Chairman	1	1	100	100
Chinnasamy Ganesan	Member	1	1	100	100
Rajeswari Karthigeyan	Member	1	1	100	100
K R Bijimon	Member	1	1	100	100
Kalpanaa Sankar	Member	1	1	100	100
Vijay Chakravarthi Nallan	Member	1	1	100	100
Siva Vadivelalagan	Member	1	0	0	0

#### • CUSTOMER SERVICE COMMITTEE

The Customer Service Committee was constituted on June 06, 2024, to oversee the functioning of the internal committee on Customer Service and also monitor and bring out continuous improvement in the quality of services rendered to the customers and thereby enhancing the customer satisfaction level across all categories.

As on March 31, 2025, the Customer Service Committee comprises three (3) members including one (1) Independent Director .

During the year under review, Customer Service Committee not met yet.

#### • 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 Risk Officer, Chief Technology Officer, Chief Operating Officer and Chief Compliance officer 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.



## • SPECIAL COMMITTEE OF THE EXECUTIVE FOR MONITORING AND FOLLOW-UP OF CASES OF FRAUD (SCEMF)

The SCEMF was constituted for monitoring and follow-up cases of fraud in compliance with the provision of RBI Master Directions No RBI/DOS/2024-25/120 DOS.CO.FMG.SEC.No.7/23.04.001/2024-25 dated July 15,2024, Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs)

The committee is chaired by Wholetime Director. The Chief Operating officer, Business heads , Chief Risk Officer, Legal Head , Chief General Manager HR & Compliance officer are the members of the Committee.

## 4. 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
2023-24	36th AGM	At the Corporate Office of the Company Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")	September 13,2024 at 2.30 P.M	4
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
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

## Extraordinary General Meeting during FY 2024-25:

EGM	Venue	Date & Time	No. of Special Resolutions Passed
1st EGM	At the Corporate Office of the Company Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")	May 02, 2024, at 11.00 A.M	3
2nd EGM	At the Corporate Office of the Company Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")	July 26, 2024, at 02.00 P.M	3
3rd EGM	At the Corporate Office of the Company Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")	March 13, 2025 at 03.00 P.M	1

## 5. POSTAL BALLOT

There was no voting through postal ballot during the FY 2024-25. No resolution is proposed to be conducted through the postal ballot.





## 6. 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](http://www.belstar.in).

### Annual Report:

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

## 7. GENERAL SHAREHOLDERS INFORMATION

### Company Registration Details

The Company is a Middle Layer Non-Deposit taking NBFC MFI (ND-NBFC-MFI) registered with Reserve Bank of India.

**Annual General Meeting** : Monday, September 01, 2025

**Financial Year** : April 01, 2024, to March 31, 2025

**Address of Correspondence**

**Mr. Sunil Kumar Sahu, Company Secretary**

- **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

### Dematerialization of Shares

100% of the shares of the Company are held in Demat form as on March 31, 2025 (ISIN: INE443L01011)



## Distribution of Shareholding as on March 31, 2025

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

## Debenture Trustee Details:

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

## Registrar and Share Transfer Agent Details

All activities in relation to electronic mode with respect to all securities are maintained by our Registrar & Transfer Agent (RTA) i.e. **MUFG Intime India Private Limited**, having SEBI Registration No. INR000004058. Details of RTA are as under:

### MUFG 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](http://www.linkintime.co.in)**

**Contact Person: Shanti Gopalkrishnan**

**Investor Grievance e-mail: [belstar.ipo@linkintime.co.in](mailto:belstar.ipo@linkintime.co.in)**

**SEBI Registration No.: INR000004058**

**Stock exchange where the NCDs are listed :** Wholesale Debt Market Segment (WDM) of Bombay Stock Exchange, Phiroze Jeejeeboy Towers, Dalal Street, Mumbai-400001.

## 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.

## Stock Code

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

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

As at March 31, 2025, the Company did not have any outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments.





### **Plant Locations:**

Being a financial services company, Belstar Microfinance Limited has no plant locations. Further, as at March 31, 2025, the company has 1281 Branches spread across 21 states/UTs of the country.

### **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>

### **Strictures And Penalties**

During the year FY2024-25, the Reserve Bank of India (RBI) on May 9, 2024, levied a penalty of INR 3,10,000 for violating certain provisions of the Reserve Bank of India (Know Your Customer (KYC)) Direction, 2016. The Company has paid the said penalty amount.

Other than above, no penalties or strictures were imposed on the Company by any stock exchange, SEBI. or any other statutory authority.

### **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>.

### **Unclaimed Dividend**

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



### **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.

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 2024-25.

### **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 Debt Listed Company.

### **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.

### **Secretarial Standards**

The Company has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) as mandated under the Companies Act, 2013.

### **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.

### **Credit Rating**

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

### **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.

### **Utilization of Funds raised through Preferential issue /private placement**

During the year under review, the Company did not raise any funds through Equity Shares as well as Issues of Secured Non-Convertible Debentures.

### **Fees paid to Statutory Auditors**

The details of total fees paid to Statutory Auditors of the Company during the FY 2024-25 for all the services rendered by them is given below:





Particulars	Amount (₹ in millions)
Statutory audit fees (Including Limited Review *& Tax Audit)	3.73
Other certification services	0.08
Total	3.81

\* Includes payment amounting to 0.46 millions to preceding Auditor.

### Code of Conduct for Directors and Senior Management Personnel

As per the requirement of SEBI Listing Regulation the Company has adopted the Code of conduct applicable to all its Board Members and Senior Management Personnel which incorporate the duties of all directors as prescribed under the Companies Act 2013.

All the Board Members and Senior Management Personnel of the Company have affirmed compliance with their respective code of conduct for the Financial year ended March 31, 2025. 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>.

### 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, 2025. The same is annexed as Annexure B to this report.

### 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.

### Certificate on Corporate Governance

The Company being debt-listed entity, is in compliance with corporate governance requirements specified in SEBI Listing Regulation Regulations .

The certificate on compliance of corporate governance norms from M/s KSM Associates, Practicing 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/-

**B Balakumaran**  
Chairman – CSR Committee  
DIN: 09099182

Place : Chennai  
Date : August 01, 2025



## ►► ANNEXURE - A

### DECLARATION REGARDING RECEIPT OF CERTIFICATE OF INDEPENDENCE FROM ALL INDEPENDENT DIRECTORS

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, 2025.

Place : Chennai  
Date : April 28, 2025

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





## ▶ 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, 2025, 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 01 , 2025

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

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



## ► ANNEXURE – C

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To

The 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](http://www.mca.gov.in) as well as information and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on 31st March 2025 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.

SN	DIN	Name	Designation
1	02443410	Krishnamoorthy Venkataraman	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**

(Peer review cert no. 5868/2024)

Place : Chennai  
Date : April 28, 2025

Sd/-  
**Deepa V. Ramani**  
Partner  
FCS 5574 | CP 8760  
UDIN: F005574G000220019





## ► 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, 2025, 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, 2025.

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**  
(Peer review cert no. 5868/2024)

Place : Chennai  
Date : April 28, 2025

Sd/-  
**Deepa V. Ramani**  
Partner  
FCS 5574 | CP 8760  
UDIN: F005574G000219832



## ►► FINANCIAL STATEMENT

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## ► INDEPENDENT AUDITOR'S REPORT

To  
The Members  
**Belstar Microfinance Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Belstar Microfinance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2025, 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 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 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, 2025, 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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the 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 financial statements for the financial year ended March 31, 2025. 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
<p><b>Assessment of impairment loss allowance based on expected credit loss (ECL) on Loans</b></p> <p>Refer Note 9 to the Financial statements</p> <p>Under Ind AS 109 – Financial Instruments, credit loss assessment is based on expected credit loss (ECL) model.</p> <p>The Company’s impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.</p> <p>The determination of impairment loss allowance is inherently judgmental and relies on managements’ best estimate due to the following:</p> <p>Segmentation of loans given to the customer. Criteria selected to identify significant increase in credit risk.</p> <p>Increased level of data inputs for capturing the historical data to calculate the Probability of Default (‘PD’) and Loss Given Default (‘LGD’) and the completeness and accuracy of that data.</p> <p>Use of management judgement for considering the forward looking macro-economic factors economic environment and timing of cash flows.</p> <p>The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company.</p> <p>Given the size of loan portfolio relative to the balance sheet and the impact of impairment loss allowance on the financial statements, we have considered this as a key audit matter.</p>	<p>The audit procedures performed by us to assess appropriateness of the impairment allowance based on ECL on loans included the following:</p> <p>We understood and evaluated the design and tested the operating effectiveness of the key controls put in place by the management over the assumptions used in the calculation of ECL and its various aspects such as determination of Probability of Default, Loss Given Default, Exposure at Default, Staging of Loans, etc.;</p> <p>The completeness and accuracy of source data used by the Management in the ECL computation; and ECL computations for their reasonableness.</p> <p>We verified the appropriateness of methodology and models used by the Company and reasonableness of the assumptions used within the computation process to estimate the impairment provision.</p> <p>We test-checked the completeness and accuracy of source data used.</p> <p>We recomputed the impairment provision for a sample of loans across the loan portfolio to verify the arithmetical accuracy and compliance with the requirements of Ind AS 109.</p> <p>We evaluated the reasonableness of the judgement involved in management overlays that form part of the impairment provision, and the related approvals.</p> <p>We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the financial statements.</p>



## **Information Other than the 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, 2025 but does not include the 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 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 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 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 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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, 2025 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 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, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 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 financial statements – Refer Note No. 46 to the 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, 2025.
  - iv.
    - a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note No. 57.6 to the 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 entities, 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. 57.6 to the financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entities, 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. 28 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 57.8 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, 2025 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.

Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. Additionally, the audit trail has been preserved by the company as per the statutory requirements for record retention.

**For SUNDARAM & SRINIVASAN**

Chartered Accountants

(Firm's Registration No. 004207S)

**S Usha**

Partner

Membership No. 211785

UDIN: 25211785BMIUOG6665

Date : 28.04.2025

Place : Chennai





## ► 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 FINANCIAL STATEMENTS OF BELSTAR MICROFINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2025.**

- i. a) A) 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.  
B) According to the information and explanations given to us and the records of the company examined by us, the Company has maintained proper records showing full particulars of intangible assets.
- b) According to the information and explanations given to us and the records of the Company examined by us, the Company has a regular program of physical verification of its Property, Plant and Equipment, Investment Property and right-of-use assets which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the program, certain Property Plant and Equipment were verified during the year and no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and the records of the Company examined by us, we report that the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements are held in the name of the Company as at the balance sheet date.
- d) According to the information and explanations given to us and the records of the Company examined by us, the Company has not revalued any of its Property, Plant and Equipment (including right-of-use-assets) or intangible assets or both during the year. Hence, reporting under clause 3(i)(d) of the Order is not applicable.
- e) According to the information and explanations given to us and the records of the Company examined by us, there are no proceedings initiated or pending against the Company as at March 31, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. According to the information and explanations given to us and the records of the Company examined by us,
  - a) The Company is a Non-Banking Finance Company (NBFC), primarily engaged in financing activities and it does hold any physical inventories. Hence, reporting under clause 3(ii)(a) of the Order is not applicable.
  - b) The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks during the year on the basis of security of current assets. In our opinion, based on a



comparison, the quarterly statements of receivables filed by the company with such banks are seen to be in agreement with the books of account of the Company. The Company has not availed working capital limit from any financial institution.

- iii.
- a) The Company is a Non-Banking Financial Company – Micro finance Institution (NBFC-MFI) engaged in the business of providing microfinance loans. 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, the terms and conditions of the grant of all loans and advances in the nature of loans and securities extended during the year are, prima facie, not prejudicial to the Company's interest. The company has not provided any guarantee during the year.
  - c) In respect of the loans/advances in nature of loan, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Considering that the Company is a non-banking financial company engaged in the business of granting loans to retail customers, the borrower-wise details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been reported because it is not practicable to furnish such details owing to the voluminous nature of data generated in the normal course of the Company's business. Further, except for the instances where there are delays or defaults in repayment of principal and/ or interest and in respect of which the Company has recognised necessary provisions in accordance with the principles of Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India ("RBI") for Income Recognition and Asset Classification (which has been disclosed by the Company in Note 9 and 51.1 to the financial statements), the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.
  - d) In respect of the loans/advances in nature of loans, the total amount overdue for more than ninety days as at March 31, 2025, is ₹3596.26 millions. In such instances, in our opinion, based on information and explanations provided to us, reasonable steps have been taken by the Company for the recovery of the principal amounts and the interest thereon. Refer Note 9 in the financial statements for details of number of cases and the amount of principal and interest overdue as at March 31, 2025.
  - e) The Company is a Non-Banking Financial Company – Micro finance Institution (NBFC-MFI) engaged in the business of providing microfinance loans. 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.





- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and sub-section (1) of Section 186 of the Act in respect of the loans and investments made and guarantees and security provided by it. The provisions of sub-sections (2) to (11) of Section 186 are not applicable to the Company as it is a non-banking financial company registered with the RBI engaged in the business of giving loans.
- v. 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.
- vi. 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.
- vii.
- 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, goods and service 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, 2025 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, 2025 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	36.29	FY 2016-17	Commissioner of Income Tax (Appeals) - Chennai
Income Tax Act, 1961	Income Tax	2.37	FY 2019-20	National Faceless Appeal Centre

\*net of amount paid under protest

- viii. 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
- ix. 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 ₹2664.44 millions 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.
- x. 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.
- xi.
  - 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. 56 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.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii. 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.47 to the financial statements as required by the applicable Ind AS.





- xiv. a. Company has an Internal Audit System commensurate with the Size and Nature of its business.  
b. We have considered the Reports of Internal Auditors.
- xv. According to the information and explanations given to us and based on 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.
- xvi. According to the information and explanations given to us and the records of the Company examined by us,
- The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non-Deposit Taking Systemically Important Investment and Credit Company.
  - The Company has conducted non-banking financial activities during the year and the Company holds a valid Certificate of Registration from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
  - The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
  - Based on the information and explanations provided by the management of the Company, the Group does not have more than one CIC as part of the Group.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. 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 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.
- xx. According to the information and explanations given to us, In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of Section 135 of the Act.

There are no unspent amounts in respect of ongoing projects that are required to be transferred to a special account in compliance of provision of sub section (6) of Section 135 of Companies Act



xxi. The requirement to prepare a consolidated statement does not arise, hence reporting under clause 3 (xxi) is not applicable to the company.

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
(Firm's Registration No. 004207S)

Date : 28.04.2025  
Place : Chennai

**S Usha**  
Partner  
Membership No. 211785  
UDIN: 25211785BMIUOG6665





## ► 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 FINANCIAL STATEMENTS OF BELSTAR MICROFINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2025**

### **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 financial statements of Belstar Microfinance Limited (“the Company”) as of March 31, 2025 in conjunction with our audit of the 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 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 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 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 financial statements.

### **Meaning of Internal Financial Controls with reference to Financial Statements**

A Company's internal financial controls with reference to 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 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 Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to 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, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2025, based on the criteria for internal financial control with reference to 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.

**For SUNDARAM & SRINIVASAN**

Chartered Accountants

(Firm's Registration No. 004207S)

**S Usha**

Partner

Membership No. 211785

UDIN: 25211785BMIUOG6665

Date : 28.04.2025

Place : Chennai





## ▶▶ Balance Sheet as at March 31, 2025

(₹ In millions)

Particulars	Note No	As at March 31, 2025	As at March 31, 2024
<b>I ASSETS</b>			
<b>1. Financial assets</b>			
a) Cash and cash equivalents	6	5,155.11	6,943.00
b) Bank Balance other than (a) above	7	296.40	394.95
c) Receivables			
(I) Trade Receivables	8	0.78	12.59
(II) Other Receivables		-	-
d) Loans	9	67,289.21	83,274.92
e) Investments	10	588.72	-
f) Other Financial assets	11	748.45	1,564.86
<b>2. Non-financial Assets</b>			
a) Current tax assets (Net)	40	73.89	508.31
b) Deferred tax assets (Net)	41	1,322.49	589.89
c) Investment Property	12	1.10	1.10
d) Property, Plant and Equipment	13	47.35	49.58
e) Right-of-use assets	14	15.98	59.39
f) Intangible assets under development	15	2.97	3.65
g) Other Intangible assets	16	3.51	3.74
h) Other non financial assets	17	337.84	185.15
<b>Total Assets</b>		<b>75,883.80</b>	<b>93,591.13</b>
<b>II LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>1. Financial Liabilities</b>			
a) Payables			
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	18	2.96	3.91
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	18	75.35	90.05
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises	18	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	18	280.35	336.93
b) Debt Securities	19	541.67	7,413.59
c) Borrowings (other than debt securities)	20	52,816.59	62,515.85
d) Subordinated Liabilities	21	2,812.91	2,806.78
e) Lease liabilities	46 B	18.88	65.04
f) Other Financial liabilities	22	1,439.11	2,951.09
<b>2. Non-financial Liabilities</b>			
a) Provisions	23	83.56	43.73
b) Other non-financial liabilities	24	100.74	76.02
<b>EQUITY</b>			
a) Equity share capital	25	548.44	548.44
b) Other equity	26	17,163.24	16,739.70
<b>Total Liabilities and Equity</b>		<b>75,883.80</b>	<b>93,591.13</b>

The accompanying notes are an integral part of the financial statements

As per our Report of even date  
**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
(Firm's Registration No. 004207S)

**S Usha**  
Partner  
Membership No. 211785

Date : 28.04.2025  
Place : Chennai

**For and on behalf of Board of Directors**

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

**L Muralidharan**  
Chief Financial Officer

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

**Sunil Kumar Sahu**  
Company Secretary



## ►► Statement of Profit and Loss for the year ended March 31, 2025

(₹ In millions)

	Particulars	Note No	For the Year ended March 31, 2025	For the Year ended March 31, 2024
	<b>Revenue from operations</b>			
	(i) Interest income	29	20,029.00	16,617.88
	(ii) Fee and commission income	30	3.23	5.04
	(iii) Net gain on fair value changes	31	224.98	53.56
	(iv) Net gain on de-recognition of financial instruments under amortised cost category	32	759.63	1,650.27
<b>(I)</b>	<b>Total Revenue from operations</b>		<b>21,016.84</b>	<b>18,326.75</b>
<b>(II)</b>	<b>Other Income</b>	<b>33</b>	<b>233.04</b>	<b>187.09</b>
<b>(III)</b>	<b>Total Income (I + II)</b>		<b>21,249.88</b>	<b>18,513.84</b>
	<b>Expenses</b>			
	(i) Finance costs	34	6,913.33	5,840.48
	(ii) Fee and commission expense	35	112.76	309.81
	(iii) Net loss on fair value changes	31	-	279.65
	(iv) Impairment of financial instruments	36	8,190.81	3,199.70
	(v) Employee benefit expenses	37	3,868.63	3,182.34
	(vi) Depreciation, amortization and impairment	38	98.25	118.11
	(vii) Other expenses	39	1,557.29	1,165.28
<b>(IV)</b>	<b>Total Expenses (IV)</b>		<b>20,741.07</b>	<b>14,095.37</b>
<b>(V)</b>	<b>Profit/(loss) before tax (III - IV)</b>		<b>508.81</b>	<b>4,418.47</b>
<b>(VI)</b>	<b>Tax Expense:</b>			
	(i) Current tax	40	777.81	1,440.85
	(ii) Deferred tax	41	(732.87)	(420.92)
<b>(VII)</b>	<b>Profit/(loss) for the year (V - VI)</b>		<b>463.87</b>	<b>3,398.54</b>
	<b>Other Comprehensive Income</b>			
<b>(VIII)</b>	<b>A) Items that will not be classified to profit or loss</b>			
	(i) Actuarial Gain/(Loss) on defined benefit obligation		1.07	(14.58)
	(ii) Changes in value of forward element of forward contract		-	8.89
	(iii) Tax impact thereon	41	(0.27)	1.43
	<b>Subtotal (A)</b>		<b>0.80</b>	<b>(4.26)</b>
	<b>B) Items that will be classified to profit or loss</b>			
	(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
	(iii) Tax impact thereon		-	(0.06)
	<b>Subtotal (B)</b>		<b>-</b>	<b>0.17</b>
	<b>Other Comprehensive Income (A + B)</b>		<b>0.80</b>	<b>(4.09)</b>
<b>(IX)</b>	<b>Total Comprehensive Income for the year (VII + VIII)</b>		<b>464.67</b>	<b>3,394.45</b>
<b>(X)</b>	<b>Earnings per equity share (Face Value - ₹ 10 per share)</b>	<b>42</b>		
	Basic (₹)		8.46	69.30
	Diluted (₹)		8.46	69.30

The accompanying notes are an integral part of the financial statements

As per our Report of even date

**For SUNDARAM & SRINIVASAN**

Chartered Accountants

(Firm's Registration No. 004207S)

**S Usha**

Partner

Membership No. 211785

Date : 28.04.2025

Place : Chennai

**For and on behalf of Board of Directors**

**Dr. Kalpanaa Sankar**

Managing Director

(DIN. 01926545)

**L Muralidharan**

Chief Financial Officer

**B Balakumaran**

Wholtime Director

(DIN. 09099182)

**Sunil Kumar Sahu**

Company Secretary



**Cash Flow Statement for the year ended March 31, 2025**

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
<b>Operating activities</b>		
<b>Profit before tax</b>	<b>508.81</b>	<b>4,418.47</b>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	98.25	118.11
Impairment on financial instruments	8,190.81	3,199.70
Finance cost	6,913.33	5,840.48
Net loss on fair value changes	-	279.65
Net gain on fair value changes	(224.98)	(53.56)
Interest income on deposits	(261.67)	(297.90)
Loss on sale of asset	0.90	1.11
<b>Operating Profit Before Working Capital Changes</b>	<b>15,225.45</b>	<b>13,506.06</b>
Working capital changes		
(Increase) / Decrease in Trade receivables	11.82	(10.87)
(Increase) / Decrease in Loans	7,794.89	(40,199.25)
(Increase) / Decrease in Other financial asset	829.77	(226.08)
(Increase) / Decrease in Other non financial asset	(152.69)	(22.33)
Increase / (Decrease) in Trade and Other payables	(72.23)	207.89
Increase / (Decrease) in Other liabilities	(1,117.23)	232.26
Increase / (Decrease) in Provision	40.90	11.28
<b>Cash flows from/(used in) operating activities before tax</b>	<b>22,560.68</b>	<b>(26,501.04)</b>
Interest paid on borrowings	(7,132.42)	(5,857.44)
Income tax paid	(343.38)	(1,593.97)
<b>Net cash flows from/(used in) operating activities</b>	<b>15,084.88</b>	<b>(33,952.45)</b>
<b>Investing activities</b>		
Acquisition of fixed and intangible assets	(58.57)	(61.55)
Net gain on fair value changes	140.94	53.56
Proceeds from sale of fixed assets	0.86	0.53
Net (Investment) in / Redemption of Government Securities	-	-
Net (Investment) in / Redemption security receipts (ARC)	(504.67)	248.99
Redemption / (Investment) in fixed deposits	98.54	53.85
Interest received on deposits	249.91	308.15
<b>Net cash flows from/(used in) investing activities</b>	<b>(72.98)</b>	<b>603.53</b>
<b>Financing activities</b>		
Proceeds from issue of shares	-	3,000.00
Proceeds from / (Repayment) of borrowings	(16,712.24)	24,572.37
Interest paid on Lease liabilities	(3.77)	(8.59)
Payment towards Lease liabilities	(42.65)	(55.00)
Dividend paid on equity shares	(41.13)	(29.31)
<b>Net cash flows from financing activities</b>	<b>(16,799.79)</b>	<b>27,479.47</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,787.89)</b>	<b>(5,869.45)</b>
<b>Cash and cash equivalents at beginning of the Year</b>	<b>6,943.00</b>	<b>12,812.45</b>
<b>Cash and cash equivalents at end of the year</b>	<b>5,155.11</b>	<b>6,943.00</b>

Notes: (a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS-7) Statement of Cash Flow.  
(b) For Components of Cash and Cash Equivalents - Refer Note No. 6

The accompanying notes are an integral part of the financial statements

As per our Report of even date

**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
(Firm's Registration No. 004207S)

**S Usha**  
Partner  
Membership No. 211785

Date : 28.04.2025  
Place : Chennai

**For and on behalf of Board of Directors**

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

**L Muralidharan**  
Chief Financial Officer

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

**Sunil Kumar Sahu**  
Company Secretary



## ►► Statement of Changes in Equity for the year ended March 31, 2025

### A . Equity Share Capital

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the current reporting period	548.44	488.44
Changes in equity share capital during the current year -Share Issue	-	60.00
Balance at the end of the current reporting period	548.44	548.44
No. of Equity Shares of ₹10/- each	54,844,055	54,844,055

### B. Other Equity

Particulars	Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of India Act, 1934)	Capital Re-demption Reserve (CRR)	Securities Premium	General Reserve	Remeasurement gain/(loss) of defined benefit plans	Retained Earnings	Changes in value of forward element of forward contract	Effective portion of Cash Flow Hedges	Financial instruments measured at FVOCI	Total
<b>As at March 31, 2025</b>										
Balance at the beginning of the reporting period	1,586.51	500.00	9,014.60	2,000.01	(24.02)	3,662.60	-	-	-	16,739.70
Total Comprehensive Income for the current year	-	-	-	-	0.80	463.87	-	-	-	464.67
Dividends	-	-	-	-	-	(41.13)	-	-	-	(41.13)
Transfer to Statutory Reserve	92.78	-	-	-	-	(92.78)	-	-	-	-
Transfer to General Reserve	-	-	-	92.78	-	(92.78)	-	-	-	-
Premium on Issue of Shares	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	1,679.29	500.00	9,014.60	2,092.79	(23.22)	3,899.78	-	-	-	17,163.24
<b>As at March 31, 2024</b>										
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

The accompanying notes are an integral part of the financial statements

As per our Report of even date  
**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
(Firm's Registration No. 004207S)

**S Usha**  
Partner  
Membership No. 211785

Date : 28.04.2025  
Place : Chennai

**For and on behalf of Board of Directors**

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

**L Muralidharan**  
Chief Financial Officer

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

**Sunil Kumar Sahu**  
Company Secretary





## ► MATERIAL 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, 2025

### 2. Basis of preparation and presentation of Financial Information

#### 2.1 Basis of preparation

The Statement of Assets and Liabilities of the Company as at March 31, 2025 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended March 31, 2025 and the Material Accounting policies and other explanatory notes to Financial Information (together referred to as “Financial Information” or “Financial Statements”) have been prepared under the Indian Accounting Standards (‘Ind AS’) notified under section 133 of the Companies Act, 2013 and other relevant provisions of the Act as amended from time and time.

#### 2.2 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.

#### 2.3 Presentation of Financial Statements

The Statement of Assets and Liabilities, 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 Statement of Assets and Liabilities in order of liquidity.

#### 2.4 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.



## 2.5 Functional and presentation currency

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

## 3. 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 recognised 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 recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

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

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

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





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

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

### 3.3 Dividend income

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

### 3.4 Financial instruments

#### 3.4.1 Financial assets

##### Initial recognition & measurement

All financial assets are recognised 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 recognised 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 at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

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 recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and





losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

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

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.

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.

### **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 derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

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

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





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

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

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

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

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

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 recognised in the statement of profit or loss .

### **3.5.2 Financial Liability**

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

## **3.6 Impairment of financial assets**

### **3.6.1 Overview of the Expected Credit Loss (ECL) principles**

The Company has created provisions on all financial assets except for financial assets classified as





FVTPL, based on the expected credit loss method.

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

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

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

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

#### **For non-impaired financial instruments**

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

#### **For impaired financial instruments:**

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

### **3.6.2 The calculation of ECLs**

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

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

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

**Exposure at Default (EAD)** – The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed





facilities, and accrued interest from missed payments.

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

### **Forward looking information**

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

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

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

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

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

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

The financial instruments 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 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 recognised at fair value at the date the derivative contracts are entered into and are subsequently measured to their fair value at the end of each reporting period. Such derivative instruments are presented as assets in case of a fair value gain and as liabilities in case of fair value loss. Changes in the fair value of derivatives is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship. The Company has designated the derivative financial instruments as cash flow hedges of recognised liabilities and unrecognised firm commitments.

### Hedge accounting

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are





assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as cash flow hedge.

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

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

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

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

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

### **3.9 Finance cost**

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

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

### **3.10 Cash and cash equivalents**

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

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





### 3.11 Property, plant and equipment

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

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 derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

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

Intangible assets comprising of software are amortised on a written down value basis over a period of 3 years The useful lives and methods of amortisation of intangible assets are reviewed at each financial





year end and adjusted prospectively, if appropriate.

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

### **3.13 Investment Property**

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

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

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

### **3.14 Impairment of non-financial assets**

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

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

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

### 3.17 Taxes

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

#### 3.17.1 Current Tax

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

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates





positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **3.17.2 Deferred tax**

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

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

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax relating to items recognised outside the statement profit or loss is recognised 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 recognised net of the goods and services tax/value added taxes paid, except:

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

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

### **3.18 Contingent Liabilities and assets**

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. 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 shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

### 3.20 Leases

#### As a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

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

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





### Short-term leases and leases of low-value assets

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

### 3.21 Cash flow statement

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

## 4. Significant accounting judgements, estimates and assumptions

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

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

### 4.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or classified as fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.





#### 4.2 Defined employee benefit assets and liabilities

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

#### 4.3 Fair value measurement:

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

#### 4.4 Impairment of loans portfolio

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

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

#### 4.5 Effective Interest Rate (EIR) method

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

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

#### 4.6 Other estimates:

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

### 5. Standards issued but not yet effective

As at March 31, 2025, 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

### 6: Cash and cash equivalents

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Cash on hand	62.84	77.73
Balances with Banks		
- in current accounts	2,184.84	3,151.72
- in deposit accounts with Original maturity of less than 3 months	2,907.43	3,713.55
<b>Total</b>	<b>5,155.11</b>	<b>6,943.00</b>

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

### 7: Bank balances other than cash and cash equivalents

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Deposits with original maturity of more than three months but less than twelve months.	111.40	159.95
Balances with banks to the extent held as security against borrowings #	185.00	235.00
<b>Total</b>	<b>296.40</b>	<b>394.95</b>

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

### 8: Trade Receivables

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>Trade receivables</b>		
Receivable considered good - Secured	-	-
Receivable considered good - Unsecured	0.78	12.59
Receivables which have significant increase in credit risk	-	-
Receivables - Credit impaired	-	-
<b>Total</b>	<b>0.78</b>	<b>12.59</b>
<b>Provision for impairment :</b>		
Receivable considered good - Unsecured	-	-
Receivables which have significant increase in credit risk	-	-
Receivables - credit impaired	-	-
<b>Total Net receivable</b>	<b>0.78</b>	<b>12.59</b>

Trade receivables includes receivable from related party as of March 31, 2025 - ₹ 0.25 millions and as of March 31, 2024 - ₹ 11.18 millions.

Refer Note 47 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, 2025, INR Nil, and Year ended March 31, 2024 - INR Nil was recognised as provision for expected credit losses on trade receivable.

### Ageing of Trade Receivables

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>Trade receivables</b>		
Undisputed Trade Receivable - Considered Good		
- Less than 6 months	0.27	12.51
- 6 months - 1 years	0.51	0.08
- 1 - 2 years		-
- 2 - 3 years		-
- More than 3 years		-
<b>Total</b>	<b>0.78</b>	<b>12.59</b>

There are no trade receivables outstanding on account of any disputes.

## ► Notes forming part of the Ind AS Financial Statements

### 9: Loans

(₹ In millions)

Particulars	As at March 31, 2025			As at March 31, 2024		
	Amortised Cost	Fair value Through OCI	Total	Amortised Cost	Fair value Through OCI	Total
<b>(A)</b>						
i) Receivables under financing activities	71,928.19	-	71,928.19	85,607.17	-	85,607.17
ii) Staff Loan	3.73	-	3.73	4.14	-	4.14
<b>Total (A) - Gross</b>	<b>71,931.92</b>	<b>-</b>	<b>71,931.92</b>	<b>85,611.31</b>	<b>-</b>	<b>85,611.31</b>
Less : Impairment loss allowance	(4,642.71)	-	(4,642.71)	(2,336.39)	-	(2,336.39)
<b>Total (A) - Net</b>	<b>67,289.21</b>	<b>-</b>	<b>67,289.21</b>	<b>83,274.92</b>	<b>-</b>	<b>83,274.92</b>
<b>(B)</b>						
I) Secured by tangible assets and intangible assets	38.38	-	38.38	57.31	-	57.31
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-
III) Unsecured						
i) Receivables under financing activities	71,889.81	-	71,889.81	85,549.86	-	85,549.86
ii) Staff loan	3.73	-	3.73	4.14	-	4.14
<b>Total (III) - Gross</b>	<b>71,893.54</b>	<b>-</b>	<b>71,893.54</b>	<b>85,554.00</b>	<b>-</b>	<b>85,554.00</b>
Less : Impairment loss allowance	(4,642.71)	-	(4,642.71)	(2,336.39)	-	(2,336.39)
<b>Total (III) - Net</b>	<b>67,250.83</b>	<b>-</b>	<b>67,250.83</b>	<b>83,217.61</b>	<b>-</b>	<b>83,217.61</b>
<b>Total (B) (I+II+III) - Net</b>	<b>67,289.21</b>	<b>-</b>	<b>67,289.21</b>	<b>83,274.92</b>	<b>-</b>	<b>83,274.92</b>
<b>(C)</b>						
i) Public Sector	-	-	-	-	-	-
ii) Others	71,931.92	-	71,931.92	85,611.31	-	85,611.31
<b>Total (C) - Gross</b>	<b>71,931.92</b>	<b>-</b>	<b>71,931.92</b>	<b>85,611.31</b>	<b>-</b>	<b>85,611.31</b>
Less: Impairment Loss Allowance ( C )	(4,642.71)	-	(4,642.71)	(2,336.39)	-	(2,336.39)
<b>Total (C) - Net</b>	<b>67,289.21</b>	<b>-</b>	<b>67,289.21</b>	<b>83,274.92</b>	<b>-</b>	<b>83,274.92</b>

#### Receivables under financing activities

#### Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 51 and policies on ECL allowances are set out in Note 3.6.





## ► Notes forming part of the Ind AS Financial Statements

(₹ In millions)

Particulars	As at March 31, 2025				As at March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
High grade	65,237.39			65,237.39	82,546.71			82,546.71
Standard grade	804.78			804.78	479.67			479.67
Sub-standard grade		1,302.19		1,302.19		589.74		589.74
Past due but not impaired		991.30		991.30		434.91		434.91
Non - performing				-				-
Individually impaired			3,596.26	3,596.26			1,560.28	1,560.28
Total	66,042.17	2,293.49	3,596.26	71,931.92	83,026.38	1,024.65	1,560.28	85,611.31

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

(₹ In millions)

Particulars	For the year ended March 31, 2025				For the year ended March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	83,026.38	1,024.65	1,560.28	85,611.31	45,770.14	317.44	1,144.81	47,232.39
New assets originated or purchased (net of repayment)	46,450.18			46,450.18	74,572.11			74,572.11
Assets derecognised or repaid (excluding write offs)	(49,806.71)	(1,428.18)	(3,049.85)	(54,284.74)	(33,828.51)	(215.04)	(373.45)	(34,417.00)
Transfers to Stage 1	14.29	(7.58)	(6.70)	-	10.75	(6.44)	(4.31)	-
Transfers to Stage 2	(3,673.16)	3,674.44	(1.28)	-	(1,189.72)	1,189.96	(0.24)	-
Transfers to Stage 3	(9,968.80)	(969.84)	10,938.64	-	(2,308.39)	(261.27)	2,569.66	-
Amounts written off			(5,844.84)	(5,844.84)			(1,776.19)	(1,776.19)
Gross carrying amount closing balance	66,042.17	2,293.49	3,596.26	71,931.92	83,026.38	1,024.65	1,560.28	85,611.31

## ►► Notes forming part of the Ind AS Financial Statements

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

(₹ In millions)

Particulars	For the year ended March 31, 2025				For the year ended March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	540.76	380.55	1,415.08	2,336.39	30.77	86.72	839.54	957.03
New assets originated or purchased	1,393.41	-	-	1,393.41	1,320.62			1,320.62
Assets derecognised or repaid (excluding write offs)	(323.11)	(17.96)	(75.64)	(416.71)	(10.90)	(13.92)	(117.14)	(141.96)
Transfers to Stage 1	8.02	(2.42)	(5.60)	-	4.71	(1.74)	(2.97)	-
Transfers to Stage 2	(408.10)	409.14	(1.04)	-	(262.15)	262.31	(0.16)	-
Transfers to Stage 3	(867.07)	(363.31)	1,230.38	-	(591.20)	(73.14)	664.34	-
Impact on ECL of exposures transferred between stages during the year	64.60	525.21	6,584.65	7,174.46	48.91	120.32	1,807.66	1,976.89
Amounts written off			(5,844.84)	(5,844.84)	-	-	(1,776.19)	(1,776.19)
ECL allowance - closing balance	408.51	931.21	3,302.99	4,642.71	540.76	380.55	1,415.08	2,336.39

### 9.1 Sale of Assets to ARC

During the year, the Company sold stressed loan receivables with a gross carrying amount of ₹2,592.03 millions to an Asset Reconstruction Company ("ARC") for a total consideration of ₹750.00 millions. As of the effective date of transfer, the net carrying amount of these loans stood at ₹730.84 millions, after accounting for an impairment allowance of ₹1,861.19 millions.

In accordance with Ind AS 109, a write-off of ₹1,842.03 millionss (i.e. ₹2,592.03 millions less ₹750.00 millions) has been recognized against the impairment allowance, representing the portion of the asset where recovery is no longer reasonably expected. The residual excess provision of ₹19.15 millions under the impairment allowance has been adjusted against the carrying value of the Security Receipts ("SRs").

As per the agreed terms, the Company subscribed to SRs issued by the ARC trust amounting to ₹651.90 millions, classified under Fair Value Through Profit or Loss (FVTPL). Since the transaction was completed on December 30, 2024, the recovery rating process by the ARC Trust will commence from the half-year ending June 30, 2025.

As of March 31, 2025, the face value of the SRs stands at ₹977.39 millions, while the net asset value (NAV) declared by the ARC Trust is ₹760.88 millions. The net carrying value of these SRs as at that date is ₹588.72 millions.





## ►► Notes forming part of the Ind AS Financial Statements

### 10: Investments

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>1. Amortised Cost</b>		
a) Overseas investments	-	-
b) Investments in India		-
<b>2. Fair Value Through OCI</b>		
a) Overseas investments	-	-
b) Investments in India		-
<b>3. Fair Value Through Profit or Loss</b>		
a) Overseas investments	-	-
b) Investments in India		
i) Security receipts		
1) PARAS-161 TRUST*	588.72	-
6,07,875 Nos having Face value ₹1000 Each (Refer Note 9.1)		
2) Phoneix Trust FY 23 -21*		
7,21,700 Nos. of SRs having a face value of ₹512 each ( Previous Year - 7,21,700 Nos. having a face value of 655 each )	-	-
<b>Total Gross (A)</b>	<b>588.72</b>	<b>-</b>
Less : Allowance for impairment loss ( B )	-	-
<b>Total - Net C = (A) - (B)</b>	<b>588.72</b>	<b>-</b>

\*As at March 31, 2025, the NAV of Phoneix Trust FY 23-21 and PARAS - 161 TRUST as declared by the Trust is ₹212 per SR and ₹1000 Per SR respectively.

### 11: Other financial assets

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Security deposits (Unsecured considered good)	60.23	38.73
Receivable towards assignment transactions	113.21	214.95
Excess interest spread receivable on assignment transactions	372.96	1,154.54
Accrued Income - Fee	9.73	0.23
Interest accrued on fixed deposits with banks	45.90	34.14
Insurance claim receivable	84.06	96.77
Other Financial Assets	62.36	25.50
<b>Total</b>	<b>748.45</b>	<b>1,564.86</b>

Accrued Income - Fee for the year ended Mar 31, 2025 from related party transactions is NIL. (As at March 31, 2024 - 0.23 millions). Refer Note 47 for more details.



## ►► Notes forming part of the Ind AS Financial Statements

### 12: Investment property

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Gross carrying amount		
Opening gross carrying amount	1.10	1.10
Addition during the Year	-	-
Disposal	-	-
<b>Closing gross carrying amount</b>	<b>1.10</b>	<b>1.10</b>
Accumulated depreciation		
Opening accumulated depreciation amount	-	-
Depreciation charged during the Year	-	-
Closing accumulated depreciation amount	-	-
<b>Net carrying amount</b>	<b>1.10</b>	<b>1.10</b>

Investment Property comprises of one parcel of vacant land.

The fair value of investment property as on March 31, 2025 is ₹ 1.74 millions ( March 31, 2024, - ₹ 1.73 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.

### 13: Property, plant and equipment

(₹ In millions)

Particulars	Office equipment	Computers	Furniture & Fixtures	Vehicles	Total
<b>Cost (Gross Carrying Amount) :</b>					
<b>As at March 31, 2023 (Opening Balance)</b>	<b>75.05</b>	<b>164.45</b>	<b>34.99</b>	<b>1.47</b>	<b>275.96</b>
Additions	34.14	5.57	15.81	-	55.52
Disposals	-	30.51	-	-	30.51
<b>As at March 31, 2024</b>	<b>109.19</b>	<b>139.51</b>	<b>50.80</b>	<b>1.47</b>	<b>300.97</b>
Additions	30.33	5.65	15.73	2.55	54.26
Disposals	0.01	29.96	0.25	1.38	31.60
<b>As at March 31, 2025</b>	<b>139.51</b>	<b>115.20</b>	<b>66.28</b>	<b>2.64</b>	<b>323.63</b>
<b>Accumulated depreciation</b>					
<b>As at March 31, 2023(Opening Balance)</b>	<b>60.58</b>	<b>132.38</b>	<b>28.07</b>	<b>1.33</b>	<b>222.36</b>
Disposals	-	28.86	-	-	28.86
Depreciation charge for the year ended March 31, 2024	25.01	20.10	12.73	0.05	57.89
<b>As at March 31, 2024</b>	<b>85.59</b>	<b>123.62</b>	<b>40.80</b>	<b>1.38</b>	<b>251.39</b>
Disposals	0.01	28.33	0.19	1.31	29.84
Depreciation charge for the year ended March 31, 2025	30.97	10.60	12.33	0.83	54.73
<b>As at March 31, 2025</b>	<b>116.55</b>	<b>105.89</b>	<b>52.94</b>	<b>0.90</b>	<b>276.28</b>
<b>Net Carrying Amount</b>					
<b>As at March 31, 2024</b>	<b>23.60</b>	<b>15.89</b>	<b>9.99</b>	<b>0.09</b>	<b>49.58</b>
<b>As at March 31, 2025</b>	<b>22.96</b>	<b>9.31</b>	<b>13.34</b>	<b>1.74</b>	<b>47.35</b>



**►► Notes forming part of the Ind AS Financial Statements****14: Right of use assets – Office Premises**

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Opening carrying value	59.39	97.12
Addition / (Deletion) (Net) during the year	(5.10)	15.46
Depreciation for the year	(38.31)	(53.19)
Closing Carrying value	15.98	59.39

**15: Intangible assets under development**

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Opening carrying value	3.65	0.44
Addition during the year	2.97	3.65
Capitalised during the year	(3.65)	(0.44)
Closing Carrying value	2.97	3.65

**Project in Progress**

(₹ In millions)

Intangible assets under development	As at March 31, 2025	As at March 31, 2024
Amount in intangible assets under development for a period of		
Less than 1 year	2.97	3.65
1 - 2 years	-	-
2 - 3 years	-	-
More than 3 years	-	-
<b>Total</b>	<b>2.97</b>	<b>3.65</b>

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

### 16. Other Intangible Assets

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>Cost (Gross Carrying Amount) - Software</b>		
Balance at the beginning of the Year	95.14	92.33
Addition during the year	4.98	2.81
Disposal during the year	-	-
<b>Balance at the end of the Year</b>	<b>100.12</b>	<b>95.14</b>
<b>Accumulated amortisation</b>		
Amortisation at the beginning of the Year	91.40	84.38
Disposal during the year	-	-
Charge during the year	5.21	7.02
<b>Amortisation at the end of the Year</b>	<b>96.61</b>	<b>91.40</b>
<b>Net Carrying Amount at end of the year</b>	<b>3.51</b>	<b>3.74</b>

### 17. Other Non-financial assets

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Prepaid expenses	58.35	90.15
Other Advances ( refer note below)	87.07	9.88
Other Receivables	192.42	85.12
<b>Total</b>	<b>337.84</b>	<b>185.15</b>

As at 31st March 2025, the Company has incurred expenses for various services aggregating to ₹87.07 millions in connection with the proposed initial public offering of its equity shares . 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

### 18. Payables

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>(I) Trade Payables</b>		
(i) Total outstanding dues of micro enterprises and small enterprises	2.96	3.91
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	75.35	90.05
<b>Total</b>	<b>78.31</b>	<b>93.96</b>
<b>(II) Other Payables</b>		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	280.35	336.93
<b>Total</b>	<b>280.35</b>	<b>336.93</b>
<b>Total Payable</b>	<b>358.66</b>	<b>430.89</b>

#### 18.1 Trade Payable Ageing Schedule

As at March 31, 2025

(₹ In millions)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	2.95	-	0.01	-	-	-	2.96
(ii) Others	59.11	-	16.24	-	-	-	75.35
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>62.06</b>	<b>-</b>	<b>16.25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78.31</b>

As at March 31, 2024

(₹ In millions)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	3.91	-	-	-	3.91
(ii) Others	62.95	-	27.10	-	-	-	90.05
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>62.95</b>	<b>-</b>	<b>31.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93.96</b>



## ►► Notes forming part of the Ind AS Financial Statements

### 19: Debt Securities

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>Amortised Cost</b>		
<b>Bonds/ Debentures</b>		
Secured Non-Convertible Debentures - Listed	-	2,989.65
Unsecured Non-Convertible Debentures -Listed	541.67	4,423.94
<b>Total (A)</b>	<b>541.67</b>	<b>7,413.59</b>
Debt securities in India	541.67	7,413.59
Debt securities outside India	-	-
<b>Total (B)</b>	<b>541.67</b>	<b>7,413.59</b>

### Details of Redeemable Non-Convertible Debentures

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024	Date of redemption	Nominal value per debenture #	Total number of debentures #
<b>Secured Non-Convertible Debentures - Listed</b>					
9.35% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	2,989.65	31-Oct-24	1,000,000	3,000
<b>Total</b>	<b>-</b>	<b>2,989.65</b>			
<b>Unsecured Non-Convertible Debentures -Listed</b>					
10% Senior, UnSecured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	541.67	1,620.64	01-Aug-25	100,000	21,700
10% Senior, UnSecured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	2,803.30	31-Mar-26	100,000	28,300
<b>Total</b>	<b>541.67</b>	<b>4,423.94</b>			

Secured debentures are secured by 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****20: Borrowings (other than debt securities)**

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>Amortised Cost</b>		
<b>(a) Term loans (Secured)</b>		
(i) from banks		
Rupee Loans	50,501.29	59,546.83
Foreign currency Loans	-	-
(ii) from Financial Institutions (including NBFC)	1,339.03	1,969.45
<b>(b) Loans repayable on demand</b>		
(i) from banks (OD & CC)	976.27	999.57
<b>Total (A)</b>	<b>52,816.59</b>	<b>62,515.85</b>
Borrowings in India	52,816.59	62,515.85
Borrowings outside India	-	-
<b>Total (B)</b>	<b>52,816.59</b>	<b>62,515.85</b>

- (i) Term loan from banks and financial institution are secured by way of specific charge on receivables created out of the proceeds of the loan. Further in respect of term loan drawn during Quarter 4 of FY 2024-25 aggregating to ₹2,644.44 millions, 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.



## ► Notes forming part of the Ind AS Financial Statements

### 21: Subordinated Liabilities

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Subordinated Liabilities - Debentures - Unlisted	2,066.71	2,062.02
Subordinated Liabilities - Debentures - Listed	496.38	495.26
Subordinated Liabilities - Loan	249.82	249.50
<b>Total (A)</b>	<b>2,812.91</b>	<b>2,806.78</b>
Subordinated Liabilities in India	2,812.91	2,806.78
Subordinated Liabilities outside India	-	-
<b>Total (B)</b>	<b>2,812.91</b>	<b>2,806.78</b>

### Detail of Subordinated Debt

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024	Date of redemption	Nominal value per debenture #	Total number of debentures #
<b>Subordinated Liabilities - Debentures - Unlisted</b>					
14% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	199.73	199.20	11-Sep-25	100,000	2,000
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	239.75	239.47	3-Dec-25	100,000	2,400
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	150.00	150.00	15-May-26	100,000	1,500
11.00% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	1,477.23	1,473.35	19-Jul-29	100,000	15,000
<b>Total</b>	<b>2,066.71</b>	<b>2,062.02</b>			
<b>Subordinated Liabilities - Debentures - Listed</b>					
14.50% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures	496.38	495.26	30-Sep-27	1,000,000	500
<b>Total</b>	<b>496.38</b>	<b>495.26</b>			
<b>Subordinated Liabilities - Loan</b>					
14.50% Unsecured Loan	249.82	249.50	23-Dec-25		
<b>Total</b>	<b>249.82</b>	<b>249.50</b>			

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





## ► Notes forming part of the Ind AS Financial Statements

Terms of repayment of borrowings outstanding as at March 31, 2025

### Maturity pattern of Debt securities – Secured & Unsecured Debentures

(₹ In millions)

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%-0%	2	541.67	-	-	-	-	-	-	-	-	-	-	2	541.67
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>2</b>	<b>541.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>541.67</b>

### Maturity pattern of Term loan from Bank – INR

(₹ In millions)

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%-0%	474	18,293.92	209	8,610.32	16	1,019.05	-	-	-	-	-	-	699	27,923.29
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	46	1,524.16	12	185.40	-	-	-	-	-	-	-	-	58	1,709.56
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	207	15,347.01	43	3,965.24	-	-	-	-	-	-	-	-	250	19,312.25
	10%-12%	20	1,056.19	-	-	-	-	-	-	-	-	-	-	20	1,056.19
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half yearly repayment schedule	8%-0%	2	250.00	2	250.00	-	-	-	-	-	-	-	-	4	500.00
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>749</b>	<b>36,471.28</b>	<b>266</b>	<b>13,010.96</b>	<b>16</b>	<b>1,019.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,031</b>	<b>50,501.29</b>

## ► Notes forming part of the Ind AS Financial Statements

Terms of repayment of borrowings outstanding as at March 31, 2025

### 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 Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount
Monthly repayment schedule	8%-0%	20	623.56	8	249.80	-	-	-	-	-	-	-	-	28	873.36
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	4	232.72	4	232.95	-	-	-	-	-	-	-	-	8	465.67
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>24</b>	<b>856.28</b>	<b>12</b>	<b>482.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>1,339.03</b>

### 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 Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount
On demand	8%-0%	1	976.27	-	-	-	-	-	-	-	-	-	-	1	976.27
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>1</b>	<b>976.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>976.27</b>

### 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 Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount
At the end of tenure / On demand	8%-0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	1.00	1,477.23	-	-	1	1,477.23
	12%-14%	1	199.73	-	-	-	-	-	-	-	-	-	-	1	199.73
	14%-15%	3	489.57	1	150.00	1	496.38	-	-	-	-	-	-	5	1,135.95
<b>Total</b>		<b>4</b>	<b>689.30</b>	<b>1</b>	<b>150.00</b>	<b>1</b>	<b>496.38</b>	<b>-</b>	<b>-</b>	<b>1.00</b>	<b>1,477.23</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>2,812.91</b>



## ► Notes forming part of the Ind AS Financial Statements

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%-0%	4	1,078.84	2	541.79	-	-	-	-	-	-	-	-	6	1,620.63
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	1	2,989.65	1	2,803.30	-	-	-	-	-	-	-	-	2	5,792.96
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>5</b>	<b>4,068.49</b>	<b>3</b>	<b>3,345.09</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>7,413.59</b>

(₹ In millions)

### 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%-0%	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%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>852</b>	<b>34,516.49</b>	<b>431</b>	<b>21,644.65</b>	<b>55</b>	<b>3,385.69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,338</b>	<b>59,546.83</b>

(₹ In millions)

## ► Notes forming part of the Ind AS Financial Statements

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

### 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%-0%	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%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>54</b>	<b>1,254.04</b>	<b>12</b>	<b>482.30</b>	<b>4</b>	<b>233.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>1,969.45</b>

### 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%-0%	1	999.57	-	-	-	-	-	-	-	-	-	-	1	999.57
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>1</b>	<b>999.57</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>999.57</b>

### 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%-0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	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
<b>Total</b>		<b>-</b>	<b>-</b>	<b>4</b>	<b>688.15</b>	<b>1</b>	<b>150.00</b>	<b>1</b>	<b>495.28</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1,473.35</b>	<b>7</b>	<b>2,806.78</b>



## ►► Notes forming part of the Ind AS Financial Statements

### 22. Other Financial liabilities

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Interest accrued but not due on borrowings	164.69	534.73
Payable towards assignment transactions & ARC transactions	1,273.04	2,286.32
Others	1.38	130.04
<b>Total</b>	<b>1,439.11</b>	<b>2,951.09</b>

### 23. Provisions

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for employee benefits		
- Gratuity (refer Note 43)	21.23	8.25
- Others	-	-
Provision for other losses	62.33	35.48
<b>Total</b>	<b>83.56</b>	<b>43.73</b>

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

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>Provision at beginning of the year</b>	<b>35.48</b>	<b>6.67</b>
Arising during the year	29.58	33.44
Utilized during the year	(2.73)	(4.63)
<b>Provision at end of the year</b>	<b>62.33</b>	<b>35.48</b>

### 24. Other Non-financial liabilities

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory dues payable	53.24	60.53
Other non financial liabilities	47.50	15.49
<b>Total</b>	<b>100.74</b>	<b>76.02</b>



## ►► Notes forming part of the Ind AS Financial Statements

### 25. Equity share capital

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>Authorised:</b>		
100,000,000 (PY 100,000,000) Equity Shares of ₹10/- each	1,000.00	1,000.00
<b>Issued, subscribed and fully paid up</b>		
54,844,055 (FY 2024 - 54,844,055 ) Equity Shares of ₹10/- each	548.44	548.44
<b>Total Equity</b>	<b>548.44</b>	<b>548.44</b>

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

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>No. of Shares (Actuals)</b>		
Shares at beginning of the year	54,844,055	48,844,055
Issued during the year *	-	6,000,000
Shares at end of the year	54,844,055	54,844,055
<b>Amount</b>		
Shares at beginning of the year	548.44	488.44
Issued during the year	-	60.00
Shares at end of the year	548.44	548.44

#### 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.

#### \*Issue of shares

During the Current Year:

Nil

During the Previous 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 millions comprising of 5,48,44,055 equity shares of ₹10/- each.





## ► Notes forming part of the Ind AS Financial Statements

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

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>No. of Shares</b>		
Muthoot Finance Limited (Holding Company)	36,267,608	35,025,405
Arum Holdings Limited (Group entity of Affirma Capital)	7,647,059	7,647,059
Sarvam Financial Inclusion Trust, Kancheepuram	3,921,079	4,938,324
Maj Invest Financial Inclusion Fund II K/S	4,793,260	4,793,260
<b>Holding %</b>		
Muthoot Finance Limited (Holding Company)	66.13	63.86
Arum Holdings Limited (Group entity of Affirma Capital)	13.94	13.94
Sarvam Financial Inclusion Trust, Kancheepuram	7.15	9.00
Maj Invest Financial Inclusion Fund II K/S	8.74	8.74

### Shareholding of Promoters

(₹ In millions)

Shares held by promoters as at March 31, 2025 *			% Change During the year
Promoter Name	No. of Shares	% of total shares	
Muthoot Finance Limited	36,267,608	66.13	3.55
Sarvam Financial Inclusion Trust	3,921,079	7.15	-20.60
Dr Kalpana Sankar	9,066	0.02	1.12

\*The Board of Directors in the meeting held on April 28, 2025 has taken on record that the above list of individuals/ entities shall be indentified as "Promoters" of the Company for all purposes (regulatory, statutory or otherwise) and under all applicable laws.

(₹ In millions)

Shares held by promoters as at March 31, 2024 **			% Change During the year
Promoter Name	No. of Shares	% of total shares	
Muthoot Finance Limited	35,025,405	63.86	25.88
Sarvam Financial Inclusion Trust	4,938,324	9.00	-17.52
Dr Kalpana Sankar	8,966	0.02	-79.55

\*\*As disclosed in the Annual Return filed by the Company with the RoC for the year ended March 31, 2024



## ►► Notes forming part of the Ind AS Financial Statements

### 26. Other equity

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of India Act, 1934)	1,679.29	1,586.51
Securities Premium Account	9,014.60	9,014.60
Capital Redemption Reserve(CRR)	500.00	500.00
General Reserve	2,092.79	2,000.01
Remeasurement gain/ (loss) of defined benefit plans-OCI	(23.22)	(24.02)
<b>Surplus in Statement of Profit and Loss</b>	<b>3,899.78</b>	<b>3,662.60</b>
Fair value gain/(loss) on Financial Instrument -OCI	-	-
Change in value of forward contract-OCI	-	-
Effective portion of gain / (Loss) on Hedging Instruments in Cash Flow Hedges-OCI	-	-
<b>Total</b>	<b>17,163.24</b>	<b>16,739.70</b>

For detailed movement of reserves refer Statement of Changes in equity

### 27: 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 recognised Capital Redemption Reserve on redemption of Non-Convertible Redeemable Preference Shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the Non-Convertible Redeemable Preference Shares redeemed. The Company may issue fully paid up bonus shares to its members out of the capital redemption reserve account.

**Statutory reserve:** 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 recognises changes in the fair value of debt instruments held with business objective



**►► Notes forming part of the Ind AS Financial Statements**

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.

**28: Dividend paid and proposed**

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Final dividend for previous fiscal year	41.13	29.31
Interim dividend for current fiscal year	-	-

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Final Dividend / Equity Share (for previous fiscal year)	0.75	0.60

**29: Interest income**

(₹ In millions)

Particulars	For the Year ended March 31, 2025			For the Year ended March 31, 2024		
	On Financial Assets measured at FVTOCI	On Financial Assets measured at Amortised Cost	Total	On Financial Assets measured at FVTOCI	On Financial Assets measured at Amortised Cost	Total
On Financial Assets measured at Amortised Cost						
Interest income on loan	-	19,652.08	19,652.08	-	16,319.98	16,319.98
Interest income from fixed deposits	-	261.67	261.67	-	297.90	297.90
Other interest income			-		-	-
Income from government securities	-	115.25	115.25	-	-	-
<b>Total</b>	<b>-</b>	<b>20,029.00</b>	<b>20,029.00</b>		<b>16,617.88</b>	<b>16,617.88</b>



## ►► Notes forming part of the Ind AS Financial Statements

### 30. Fee and commission income

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Commission fees	3.23	5.04
<b>Sale of services</b>	<b>3.23</b>	<b>5.04</b>
<b>Timing of revenue recognition</b>		
Fee income that are recognised over a certain period of time	-	-
<b>Fee income that are recognised at point in time</b>	<b>3.23</b>	<b>5.04</b>
Sale of services	3.23	5.04
<b>Geographical markets</b>		
India	3.23	5.04
Outside India	-	-
<b>Total</b>	<b>3.23</b>	<b>5.04</b>

### 31: Net gain (Loss) on fair value changes on investments

#### 31 A. Net gain on fair value changes on investments

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	121.78	53.56
- Derivatives	-	-
- Others	-	-
(ii) Others	103.20	-
<b>Total Net gain on fair value changes</b>	<b>224.98</b>	<b>53.56</b>
Fair Value changes:		
- Realised	224.98	53.56
- Unrealised	-	-
<b>Total Net gain on fair value changes</b>	<b>224.98</b>	<b>53.56</b>

#### 31 B: Net loss on fair value changes on investments

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Net loss on financial instruments at fair value through profit or loss		
On financial instruments designated at fair value through profit or loss	-	279.65
<b>Total Net loss on fair value changes</b>	<b>-</b>	<b>279.65</b>
Fair Value changes:		
- Realised	-	-
- Unrealised	-	279.65
<b>Total Net gain on fair value changes</b>	<b>-</b>	<b>279.65</b>



**►► Notes forming part of the Ind AS Financial Statements****32: Net gain on de-recognition of financial instruments under amortised cost category**

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Net Gain on sale of loan portfolio through assignment transactions	759.63	1,650.27
<b>Total</b>	<b>759.63</b>	<b>1,650.27</b>

**33. Other Income**

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Bad debt recovery	170.41	156.12
Other income	62.63	30.97
<b>Total</b>	<b>233.04</b>	<b>187.09</b>

**34. Finance Costs**

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
<b>On Financial liabilities measured at Amortised Cost</b>		
Interest on borrowings	6,032.71	4,751.15
Interest on debt securities	496.15	705.89
Interest on subordinate liabilities	363.74	366.50
Interest on Lease liability	3.77	8.59
Other charges	16.96	8.35
<b>Total</b>	<b>6,913.33</b>	<b>5,840.48</b>

**35: Fee and commission expense**

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Fee and commission expense	112.76	309.81
<b>Total</b>	<b>112.76</b>	<b>309.81</b>



## ► Notes forming part of the Ind AS Financial Statements

### 36: Impairment of financial instruments

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

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
<b>On Financial instruments measured at Amortised Cost</b>		
Loans	8,151.16	3,155.55
Excess adjusted against CV of Security receipt's on ARC	19.15	-
Excess Interest Spread receivable on assignment transaction	(6.35)	15.34
Other Assets	26.85	28.81
<b>Sub Total</b>	<b>8,190.81</b>	<b>3,199.70</b>
<b>On Financial instruments measured at fair value through OCI</b>		
Loans	-	-
<b>Sub Total</b>	<b>-</b>	<b>-</b>
<b>Impairment on Financial Instruments</b>		
Loans	8,151.16	3,155.55
Excess adjusted against CV of Security receipt's on ARC	19.15	-
Excess Interest Spread receivable on assignment transaction	(6.35)	15.34
Other Assets	26.85	28.81
<b>Total</b>	<b>8,190.81</b>	<b>3,199.70</b>

### 37: Employee Benefit Expenses

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Salaries and Wages	3,534.62	2,922.06
Contributions to Provident and Other Funds	294.00	229.56
Staff Welfare Expenses	40.01	30.72
<b>Total</b>	<b>3,868.63</b>	<b>3,182.34</b>

### 38: Depreciation, amortization and impairment

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Depreciation of Property, Plant and Equipment	54.73	57.89
Amortization of Intangible Assets	5.21	7.03
Amortisation of Right to use Asset	38.31	53.19
<b>Total</b>	<b>98.25</b>	<b>118.11</b>





## ►► Notes forming part of the Ind AS Financial Statements

### 39: Other Expenses

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Rent	181.20	84.55
Electricity Charges	21.66	17.49
Business Promotion Expenses	36.46	21.91
Bank charges	104.80	89.52
Repairs to Buildings	44.42	34.39
Repairs to Machinery	176.48	130.56
Communication expense	73.18	63.67
Postage and courier	6.52	4.20
Printing and Stationery	65.70	84.48
Rates & Taxes	1.03	1.40
Legal & Professional Charges	200.34	141.77
Travelling and Conveyance	370.91	277.11
Insurance	76.96	62.31
Payments to Auditor	3.81	2.90
Membership and subscription	12.06	8.35
Directors' Sitting Fee	14.88	9.92
Credit Bureau expenses	38.46	40.81
Cloud charges	37.22	36.42
Loss on Sale of Fixed Assets	0.90	1.11
CSR Expenses	44.49	19.15
Loss on account of theft	0.56	0.54
Other expenses	45.25	32.72
<b>Total</b>	<b>1,557.29</b>	<b>1,165.28</b>

### Break up of payment to auditors

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
As auditor:		
Statutory audit	2.29	1.64
Tax audit	0.33	0.33
Limited review*	1.11	0.79
Certification fees	0.08	0.14
<b>Total</b>	<b>3.81</b>	<b>2.90</b>

\* Includes payment amounting to 0.46 millions to preceding Auditor.



## ►► Notes forming part of the Ind AS Financial Statements

### 39: Other Expenses (Contd.)

#### Details of CSR expenditure

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
a) Amount required to be spent by the company during the year	44.49	18.83
b) Total of previous years shortfall *		
c) Amount spent during the period (including towards previous year's short-fall)	44.49	19.15
- Construction/acquisition of any asset - In cash		
- on purpose other than above	44.49	19.15
d) Shortfall at the end of the year	NA	NA
e) Reason for Shortfall		
f) Nature of CSR Activities		
- Women empowerment by enhancing the skills, Knowledge, equipping them with financial & digital literacy		
- Setting up of Customer Service centre at selected village to strengthen SHG, Financial Literacy etc		
- Supporting Malnourished Children.		

Notes: For details of Related party transactions in relation to CSR - Refer Note No. 47

### 40: Income Tax

#### The components of income tax expense

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Current tax	773.27	1,458.06
Deferred tax relating to origination and reversal of temporary differences	(732.87)	(420.92)
Earlier years adjustments	4.54	(17.21)
<b>Income tax expense reported in Statement of profit and loss</b>	<b>44.94</b>	<b>1,019.93</b>
<b>Deferred tax related to items recognised in OCI</b>		
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)
Tax asset / (liability) on remeasurements of defined benefit plans	(0.27)	3.67
Tax asset / (liability) due to Change in value of forward contract	-	(2.24)
<b>Income tax charged to OCI</b>	<b>(0.27)</b>	<b>1.37</b>





## ►► Notes forming part of the Ind AS Financial Statements

### 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:

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
<b>Tax rate as per IT Act, 1961</b>	<b>25.168%</b>	<b>25.168%</b>
Accounting profit before tax	508.81	4,418.47
At India's statutory income tax rate of 25.168%	128.06	1,112.04
Effect of expenses that are not deductible in determining taxable profit	13.48	4.82
Deductions under Chapter VIA	(101.14)	(77.58)
Others (includes effects of taxes relating to earlier years)	4.54	(19.35)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>44.94</b>	<b>1,019.93</b>

The effective income tax rate for the year ended March 31, 2025 is 8.83% and year ended March 31, 2024 is 23.08%

### Net Current tax Assets / Liabilities

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Current tax Asset	73.89	508.31
Current tax Liabilities	-	-
<b>Current tax Asset / (Liabilities) (Net)</b>	<b>73.89</b>	<b>508.31</b>



## ► Notes forming part of the Ind AS Financial Statements

### 41. Deferred tax

The following table shows deferred tax recorded in the balance sheet

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>Deferred Tax Assets</b>		
a) Depreciation	30.94	25.71
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	6.20	3.24
c) Impairment allowance for financial assets	1,242.49	643.24
d) Debt financial asset measured at amortised cost	169.10	246.90
e) Right-of-use asset	0.73	2.78
<b>Sub Total</b>	<b>1,449.46</b>	<b>921.87</b>
<b>Deferred Tax Liabilities</b>		
a) Financial liability measured at amortised cost (Borrowings)	26.58	63.63
b) Impact due to gain/loss on fair value of assignment transactions	100.39	268.35
<b>Sub Total</b>	<b>126.97</b>	<b>331.98</b>
<b>Total - Net</b>	<b>1,322.49</b>	<b>589.89</b>

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

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>In Profit and Loss</b>		
a) Depreciation	(5.23)	(5.63)
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	(3.23)	1.44
c) Impairment allowance for financial assets	(599.25)	(352.62)
d) Debt financial asset measured at amortised cost	77.80	(111.94)
e) Right-of-use asset	2.05	0.03
f) Financial liability measured at amortised cost (Borrowings)	(37.05)	28.26
g) Impact due to gain/loss on fair value of assignment transactions	(167.96)	19.54
<b>Sub Total</b>	<b>(732.87)</b>	<b>(420.92)</b>
<b>In Other Comprehensive Income</b>		
a) Impact due to remeasurement of defined benefit plans.	0.27	(3.67)
b) Impact due to gain/loss on fair value of FVOCI loans / Forwards	-	2.24
c) Cash Flow Hedge Reserve	-	0.06
<b>Sub Total</b>	<b>0.27</b>	<b>(1.37)</b>
<b>Total</b>	<b>(732.60)</b>	<b>(422.29)</b>



**►► Notes forming part of the Ind AS Financial Statements****42 Earnings per share**

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.

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Net profit attributable to ordinary equity holders	463.87	3,398.54
Weighted average number of ordinary shares for basic earnings per share	54.84	49.04
Effect of dilution:	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	54.84	49.04
Earnings per equity share (Face Value - ₹ 10 per share)		
Basic earnings per share (₹)	8.46	69.30
Diluted earnings per share (₹)	8.46	69.30

**43. 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 recognised 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, 2025	For the Year ended March 31, 2024
Contribution to provident and pension fund	204.58	154.88
Contribution to Employees State Insurance	47.81	38.16
<b>Total</b>	<b>252.39</b>	<b>193.04</b>

**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.



## ►► Notes forming part of the Ind AS Financial Statements

### Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Current service cost	21.71	20.40
Interest cost on benefit obligation	0.59	0.83
Past Service Cost	-	-
<b>Total</b>	<b>22.30</b>	<b>21.23</b>

### Balance Sheet

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

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Defined benefit obligation	130.84	119.97
Fair value of plan assets	109.61	111.72
Asset/(liability) recognized in the balance sheet	(21.23)	(8.25)
Experience adjustments on plan liabilities (Gain) / Loss	-	-
Experience adjustments on plan assets Gain / (Loss)	-	-

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

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Opening defined benefit obligation	119.97	84.83
Interest cost	8.61	6.19
Current service cost	21.71	20.40
Benefits paid	(13.11)	(6.76)
Past Service Cost	-	-
Actuarial loss / (gain) on obligation	(6.34)	15.31
<b>Closing defined benefit obligation</b>	<b>130.84</b>	<b>119.97</b>

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

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Opening fair value of plan assets	111.72	73.63
Expected return	8.02	5.37
Contributions by employer	8.25	38.75
Benefits paid	(13.11)	(6.76)
Actuarial gains / (losses) on assets	(5.27)	0.73
<b>Closing fair value of plan assets</b>	<b>109.61</b>	<b>111.72</b>





## ►► Notes forming part of the Ind AS Financial Statements

### 43. Retirement Benefit Plan (Contd.)

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

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Discount rate	6.55%	7.18%
Rate of increase in compensation levels	7.00%	10%
Attrition rate	45.91%	33%
Expected rate of return on assets	7.18%	7.30%

The plan assets of the Company relating to Gratuity are managed through a trust are invested through Life Insurance Corporation (LIC) and Kotak Insurance. 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.

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Funded with LIC	62.82%	73.28%
Funded with Kotal Life Insurance	37.18%	26.72%
Funded with HDFC Life Insurance (formerly Exide)		

### Sensitivity Level - Impact on defined benefit obligation

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>Discount rate Impact</b>		
0.5% increase	-0.88	-1.46
0.5% decrease	0.90	1.50
<b>Future salary impact</b>		
1% increase	1.77	2.91
1% decrease	-1.73	-2.80

(₹ In millions)

Expected benefit payment for future years	As at March 31, 2025	As at March 31, 2024
Within the next 12 months (next annual reporting period)	52.49	30.74
Between 1 and 5 years	79.2	76.33
Between 5 and 10 years	12.74	40.09
<b>Total expected payments</b>	<b>144.43</b>	<b>147.16</b>



## ►► Notes forming part of the Ind AS Financial Statements

The weighted average duration of the defined benefit obligation as at March 31, 2025 is 5 years approximately, as at March 2024 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

### 44. 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, 2025			As at March 31, 2024		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
<b>Financial assets</b>						
Cash and cash equivalents	5,155.11	-	5,155.11	6,943.00	-	6,943.00
Bank Balance other than above	230.47	65.93	296.40	128.17	266.78	394.95
Derivative financial instruments	-	-	-	-	-	-
Trade receivables	0.78	-	0.78	12.59	-	12.59
Loans	50,210.31	17,078.90	67,289.21	51,245.24	32,029.68	83,274.92
Investments	-	588.72	588.72	-	-	-
Other financial assets	618.52	129.93	748.45	1,463.03	101.82	1,564.85
<b>Non-financial Assets</b>						
Current tax asset (net)	-	73.89	73.89	508.31	-	508.31
Deferred tax assets (net)	-	1,322.49	1,322.49	589.89	-	589.89
Investment property	-	1.10	1.10	-	1.10	1.10
Property, plant and equipment	-	47.35	47.35	-	49.58	49.58
Right of use assets	8.89	7.09	15.98	41.18	18.21	59.39
Other intangible assets	-	6.48	6.48	-	7.39	7.39
Other non financial assets	36.09	301.75	337.84	100.75	84.40	185.15
<b>Total assets</b>	<b>56,260.17</b>	<b>19,623.63</b>	<b>75,883.80</b>	<b>61,032.16</b>	<b>32,558.97</b>	<b>93,591.13</b>
<b>Liabilities</b>						
<b>Financial Liabilities</b>						
Derivative financial instruments	-	-	-	-	-	-
Trade Payables	358.66	-	358.66	430.88	-	430.88
Debt Securities	541.67	-	541.67	4,068.49	3,345.10	7,413.59
Borrowings (other than debt security)	38,303.83	14,512.76	52,816.59	36,770.10	25,745.76	62,515.86
Subordinated Liabilities	689.30	2,123.61	2,812.91	-	2,806.78	2,806.78
Lease liabilities	10.55	8.33	18.88	44.20	20.84	65.04
Other Financial liabilities	1,439.11	-	1,439.11	2,918.46	32.64	2,951.10
<b>Non-financial Liabilities</b>						
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	-	83.56	83.56	43.73	-	43.73
Other non-financial liabilities	100.74	-	100.74	76.02	-	76.02
<b>Total Liabilities</b>	<b>41,443.86</b>	<b>16,728.26</b>	<b>58,172.12</b>	<b>44,351.88</b>	<b>31,951.11</b>	<b>76,302.99</b>
<b>Net</b>			<b>17,711.68</b>			<b>17,288.14</b>



## ►► Notes forming part of the Ind AS Financial Statements

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

(₹ In millions)

Particulars	As at April 01, 2024	Cash Flows	Others*	As at March 31, 2025
Debt Securities	7,413.59	(6,915.00)	43.09	541.67
Borrowings other than debt securities	62,515.85	(9,797.25)	97.99	52,816.59
Subordinated Liabilities	2,806.78	0.01	6.13	2,812.91
Lease Liabilities	65.04	(42.65)	(3.51)	18.88
<b>Total liabilities from financing activities</b>	<b>72,801.25</b>	<b>(16,754.89)</b>	<b>143.69</b>	<b>56,190.05</b>

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
<b>Total liabilities from financing activities</b>	<b>48,370.72</b>	<b>24,517.36</b>	<b>(86.84)</b>	<b>72,801.25</b>

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

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

#### (A) Contingent Liabilities

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
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	0.35
<b>Total</b>	<b>108.96</b>	<b>108.96</b>

**Note:** The company had filed its Income-tax return for AY 2023-24 with a refund of ₹ 370 Million. The refund has been processed after adjusting the entire outstanding demands of AY 2017-18 and AY 2018-19 to the extent of ₹ 81.5 million. (excluding 20% of disputed demands paid under protest for both the cases), for which stay has been granted till disposal of the cases.

Aggrieved by the above wrongful adjustments, we have filed Writs of Mandamus before the Hon'ble High Court of Madras for AY 2017-18 and AY 2018-19 requesting to issue a writ of MANDAMUS or any other appropriate writ or order or directing the 1st Respondent/First Appellate Authority to dispose of the pending appeals relating to the AY 2017-18 and AY 2018-19 within a time frame to be fixed by the Hon'ble Court and pass such other/further order or orders as this Hon'ble Court may deem fit and proper on the facts and in the circumstances of the case and thus render justice.

- The Company is of the opinion that the above demands based on management estimate no significant liabilities are expected to arise.
- It is not practicable for the Company to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings.
- The Company does not expect any reimbursement in respect of the above contingent liabilities.
- Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/authorities.





## ►► Notes forming part of the Ind AS Financial Statements

### (B) Lease Disclosures

Carrying value of right of use assets at the end of the reporting period by class.

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Balance at beginning of the year	59.39	97.12
Addition/(Deletion) during the year	(5.10)	15.46
Depreciation charge for the year	(38.31)	(53.19)
Balance at end of the year	15.98	59.39

### Amounts recognised in statement of profit and loss

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Interest on lease liabilities	3.77	8.59
Depreciation charged on right-of-use assets	38.31	53.19
Expenses relating to short-term leases of premises	139.97	70.21
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	41.22	14.34
<b>Total</b>	<b>223.27</b>	<b>146.33</b>

### Amounts recognised in the Cash Flow Statement

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Interest paid on Lease liabilities	3.77	8.59
Payment towards Lease liabilities	42.65	55.00
<b>Total cash outflow for leases</b>	<b>46.42</b>	<b>63.59</b>

### Movement in Lease Liabilities

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Balance at beginning of the year	65.04	105.86
Net Addition/(deletion) during the year	(7.28)	5.59
Interest on Lease Liabilities	3.77	8.59
Payment of Lease Liabilities	(42.65)	(55.00)
Balance at end of the year	18.88	65.04



## ►► Notes forming part of the Ind AS Financial Statements

### Maturity analysis of lease liabilities

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Less than one year	10.55	44.20
One to five years	8.33	20.84
More than five years	-	-
<b>Total cash outflow for leases</b>	<b>18.88</b>	<b>65.04</b>

### 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:

- (a) If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend and not terminate).
- (b) If any lease hold improvements are expected to have a significant remaining value the Company is typically reasonably certain to extend (or not terminate).
- (c) 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

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Estimated amount of contracts remaining to be executed on Capital account and not provided	-	1.32
<b>Total</b>	<b>-</b>	<b>1.32</b>





## ►► Notes forming part of the Ind AS Financial Statements

### 47. Related Party Transactions for the year ended March 31, 2025

<b>Key Management Personnel</b>	<ol style="list-style-type: none"> <li>1. Dr. (Mrs.) Kalpanaa Sankar (Managing Director)</li> <li>2. Mr. K.B Balakumaran (Executive Director)</li> <li>3. Mr. George Alexander (Investor Director)</li> <li>4. Mr. George Muthoot Jacob (Non- Executive director)</li> <li>5. Mr. Kuttickattu Rajappan Bijimon (Non- Executive director)</li> <li>6. Mr. David Arturo Paradiso (Non- Executive director) upto May 09, 2023</li> <li>7. Mr. Vijay Nallan Chakravarthi (Non- Executive director)</li> <li>8. Mr. Subramanian Ananthanarayanan (Non- Executive director) upto Dec 19, 2023</li> <li>9. Mr. Vadakkakara Antony George (Independent Director)</li> <li>10. Mr. Venkataraman Krishnamoorthy (Independent Director)</li> <li>11. Mr. Chinnasamy Ganesan (Independent Director)</li> <li>12. Mr. Mr. Siva Chidambaram Vadivel Alagan (Non- Executive director) w.e.f May 09, 2023</li> <li>13. Mrs. Rajeswari Karthigeyan (Independent Director) w.e.f Dec 19, 2023</li> <li>14. Mr. L. Muralidharan (Chief Financial Officer)</li> <li>15. Mr. Sunil Kumar Sahu (Company Secretary)</li> </ol>
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>	<ol style="list-style-type: none"> <li>1. Hand in Hand Consulting Services Private Ltd</li> <li>2. Hand in Hand India</li> <li>3. Hand in Hand Academy for Social Entrepreneurship</li> <li>4. Muthoot Securities Limited</li> <li>5. Muthoot Marketing Services Private Limited.</li> <li>6. Muthoot Vehicle and Asset Finance Limited</li> <li>7. Sarvam Financial Inclusion Trust</li> </ol>
<b>Holding Company</b>	Muthoot Finance Limited
<b>Fellow Subsidiary</b>	Muthoot Insurance Brokers Private Limited
<b>Entities holding substantial interest in the Company</b>	<ol style="list-style-type: none"> <li>1. Maj Invest Financial Inclusion Fund II K/S</li> <li>2. Arum Holdings limited (Part of Affirma Capital)</li> <li>3. Augusta investments zero Private Limited (Part of Affirma Capital) w.e.f June 29, 2022</li> </ol>
<b>Relatives of Key Management Personnel of the company or the Holding company</b>	<ol style="list-style-type: none"> <li>1. Mrs. Anna alexander</li> <li>2. Mr. George M George</li> <li>3. Mr. George Alexander</li> <li>4. Mrs. Sara George</li> <li>5. Mr. George Jacob</li> <li>6. Mr. George Thomas</li> <li>7. Mrs. Susan Thomas</li> <li>8. Mrs. Elizabeth Jacob</li> <li>9. Mr. Alexander George</li> <li>10. Mr. CV Sankar</li> <li>11. Mrs. Bindu Dandapani</li> </ol>



## ►► Notes forming part of the Ind AS Financial Statements

### 47. Related Party Transactions for the year ended March 31, 2025 (Contd.)

S. No	Name of the counterparty	Type of related party transaction	Value of transaction	
			Year ended March 31, 2025	Year ended March 31, 2024
1	Muthoot Finance Limited	Referral Fees	0.96	4.11
		Issue of Equity Shares	-	3,000.00
		Dividend Payment	27.20	16.70
2	Muthoot Insurance Brokers Private Limited	Loan Repaid	-	4.85
		Interest on Loan	-	0.11
		NCD Repaid	-	70.00
		Interest Payment - NCDs	-	2.81
3	Muthoot Securities Limited	Processing Fees on NCD	-	11.40
		NCD Receipt	-	333.00
		NCD Repaid	-	1.00
		Interest Payment - NCDs	38.92	36.88
		Marketing Commission	-	-
		Other Services	13.95	20.04
4	Hand in Hand Academy for Social Entrepreneurship	Consultancy Services fees paid	48.78	37.82
		Rent Paid	0.51	0.09
5	Hand in Hand Consulting Services Private Limited	Dividend Payment	-	0.20
6	Hand in Hand India	CSR expenses paid	40.00	18.00
		Business promotion	10.00	
7	Muthoot Vehicle and Asset Finance Limited	Loan Repaid	-	35.00
		Interest on Loan	-	1.57
8	Sarvam Financial Inclusion Trust	Dividend Payment	2.94	3.59
9	Maj Invest Financial Inclusion Fund II K/S	Dividend Payment	3.59	2.88
10	Arum Holdings limited	Dividend Payment	5.74	4.59
11	Augusta investments zero PTE Limited	Dividend Payment	1.65	1.32
12	Dr. (Mrs.) Kalpanaa Sankar (Managing Director)	Short term employee benefit	21.02	24.25
		Dividend Payment	0.01	0.03
13	Mr. K.B Balakumaran (Executive Director)	Short term employee benefit	4.34	4.15
14	Mr. L. Muralidharan (Chief Financial Officer)	Short term employee benefit	10.43	8.47
15	Mr. Sunil Kumar Sahu (Company Secretary)	Short term employee benefit	3.98	2.66
16	Mr. George Alexander (Non- Executive director)	Sitting fee	1.20	0.70
17	Mr. George Muthoot Jacob (Non- Executive director)	Sitting fee	0.95	0.95
18	Mr. Kuttickattu Rajappan Bijimon (Non- Executive director)	Sitting fee	1.85	1.30
19	Mr. Vijay Nallan Chakravarthi (Non- Executive director)	Sitting fee	1.30	1.05
20	Mr. Subramanian Ananthanarayanan (Independent Director)	Sitting fee	-	0.95





## ►► Notes forming part of the Ind AS Financial Statements

### 47. Related Party Transactions for the year ended March 31, 2025 (Contd.)

21	Mr. Vadakkakara Antony George (Independent Director)	Sitting fee	2.05	1.10
22	Mr. Venkataraman Krishnamoorthy (Independent Director)	Sitting fee	2.45	1.40
23	Mr. Chinnasamy Ganesan (Independent Director)	Sitting fee	2.00	1.45
24	Mrs. Rajeswari Karthigeyan (Independent Director)	Sitting fee	1.85	0.20
25	Mr. George Alexander	NCD Receipt	-	100.00
		NCD Repaid	86.65	36.16
		Interest Payment - NCDs	32.29	27.01
26	Mr. George Jacob	NCD Receipt	-	100.00
		NCD Repaid	86.65	36.29
		Interest Payment - NCDs	32.29	27.03
27	Mr. George Thomas	NCD Receipt	-	217.00
		NCD Repaid	86.70	36.30
		Interest Payment - NCDs	32.29	27.04
28	Mr. George M george	NCD Receipt	-	75.00
		NCD Repaid	12.50	47.25
		Interest Payment - NCDs	6.89	12.77
29	Mr. Alexander George	NCD Receipt	-	75.00
		NCD Repaid	12.50	6.25
		Interest Payment - NCDs	6.89	5.50
30	Mrs. Sara george	NCD Repaid	-	84.00
		Interest Payment - NCDs	-	14.89
31	Mrs. Anna alexander	NCD Repaid	-	125.00
		Interest Payment - NCDs	-	22.15
32	Mrs. Elizabeth Jacob	NCD Repaid	-	125.00
		Interest Payment - NCDs	-	22.15
33	Mrs. Susan Thomas	NCD Repaid	-	125.00
		Interest Payment - NCDs	-	22.15
34	Mr. CV Sankar *	Dividend Payment	*	*
35	Mrs. Bindu Dandapani *	Dividend Payment	-	*
<b>TOTAL</b>			<b>643.34</b>	<b>5,023.56</b>

\* Represents amount less than INR Ten thousand



## ►► Notes forming part of the Ind AS Financial Statements

S. No	Name of the counterparty	Type of related party transaction	As of March 31, 2025	As of March 31, 2024
<b>Receivables</b>				
1	Muthoot Finance Limited	Referral Fees	0.25	2.13
2	Muthoot Securities Limited	Marketing Commission		
3	Muthoot Securities Limited	Other Services	-	9.05
<b>Payables</b>				
1	Muthoot Insurance Brokers Private Limited	Loan Outstanding	-	-
	Muthoot Insurance Brokers Private Limited	NCD Outstanding	-	-
2	Muthoot Securities Limited	NCD Outstanding	300.00	300.00
3	Muthoot Vehicle and Asset Finance Limited	Loan Outstanding	-	-
4	Hand in Hand Academy for Social Entrepreneurship	Rent Payable	0.04	0.04
5	Mr. George Alexander	NCD Outstanding	223.33	309.98
6	Mr. George Jacob	NCD Outstanding	223.33	309.98
7	Mr. George Thomas	NCD Outstanding	223.35	310.05
8	Mrs. Sara George	NCD Outstanding	-	-
9	Mrs. Anna alexander	NCD Outstanding	-	-
10	Mr. George M George	NCD Outstanding	56.25	68.75
11	Mr. Alexander George	NCD Outstanding	56.25	68.75
12	Mrs. Susan Thomas	NCD Outstanding	-	-
13	Mrs. Elizabeth Jacob	NCD Outstanding	-	-

**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.

### 48: 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, 2025	As at March 31, 2024
Common Equity Tier1 capital	15,864.33	15,436.28
Other Tier 2 capital instruments	1,818.84	2,478.19
<b>Total capital</b>	<b>17,683.17</b>	<b>17,914.47</b>
<b>Risk weighted assets</b>	<b>70,824.27</b>	<b>86,797.91</b>
Tier I CRAR	22.40%	17.78%
Tier II CRAR	2.57%	2.86%
<b>Total capital ratio</b>	<b>24.97%</b>	<b>20.64%</b>





## ►► Notes forming part of the Ind AS Financial Statements

### 49. Events after reporting date

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

### 50: 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, 2025	As at March 31, 2024
<b>Assets measured at fair value on a recurring basis</b>		
<b>Financial assets at FVTPL</b>		
Investments		
Level 1	-	-
Level 2	-	-
Level 3	588.72	-
<b>Financial Liabilities at FVOCI</b>		
Derivative Financial Instruments		
Level 1	-	-
Level 2	-	-
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 10 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 NAV as disclosed in Note No 10 in determining the fair value of SR's as at March 31, 2025, the disclosure of the sensitivity of the fair value measurement to changes in unobservable inputs is not considered relevant.

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



## ►► Notes forming part of the Ind AS Financial Statements

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, 2025	As at March 31, 2024
<b>Financial assets at FVTPL</b>		
<b>Investments</b>		
Fair value at beginning of the year	-	528.64
Purchase/ (Redemption)	651.90	-
Redemption	-166.38	-248.99
Transfers into Level 3	-	-
Transfers from Level 3	-	-
Net Fair Value gain/ (loss) (Refer Note 31 A and note 31 B)	103.20	-279.65
Other Comprehensive Income	-	-
<b>Fair value at end of the year</b>	<b>588.72</b>	<b>-</b>

### Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Particulars	Note	Level	As at March 31, 2025		As at March 31, 2024	
			Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets not measured at fair value</b>						
Cash and cash equivalents	6	1	5,155.11	5,155.11	6,943.00	6,943.00
Bank Balance other than above	7	1	296.40	296.40	394.95	394.95
Trade receivables	8	3	0.78	0.78	12.59	12.59
Loans	9	3	67,289.21	67,289.21	83,274.92	83,274.92
Other Financial assets	11	3	748.45	748.45	1,564.86	1,564.86
<b>Total financial assets</b>			<b>73,489.95</b>	<b>73,489.95</b>	<b>92,190.32</b>	<b>92,190.32</b>
<b>Financial Liabilities not measured at fair value</b>						
Payables	18	3	358.66	358.66	430.89	430.89
Debt Securities	19	1/3	541.67	541.67	7,413.59	7,413.59
Borrowings (other than debt securities)	20	3	52,816.59	52,816.59	62,515.85	62,515.85
Subordinated Liabilities	21	3	2,812.91	2,812.91	2,806.78	2,806.78
Lease liabilities	46 B	3	18.88	18.88	65.04	65.04
Other Financial liabilities	22	3	1,439.11	1,439.11	2,951.09	2,951.09
<b>Financial Liabilities</b>			<b>57,987.82</b>	<b>57,987.82</b>	<b>76,183.24</b>	<b>76,183.24</b>

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





## ►► Notes forming part of the Ind AS Financial Statements

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.

### 51: 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.

#### 51.1. 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



## ►► Notes forming part of the Ind AS Financial Statements

- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

### Risk Identification

Credit risk may originate in one or multiple of following ways mentioned below:

- Adverse selection of members for group formation eg. (bogus members, defaulters, etc.)
- Adverse selection of groups for undertaking lending activity (unknown members due to geographical vicinity, etc.)
- Gap in credit assessment of borrower's credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, etc.)
- Undue Influence of Animator/Representative on group members (misuses of savings of group, etc.)
- Sanction of higher loan amount
- Improper use of loan amount than the designated activity
- Over-concentration in any geography/branch/zone etc
- Change in the savings pattern/meeting pattern of group post availing loan (eg. failure of members to deposit minimum savings amount each month, absence of members from meetings, etc.)

### Risk assessment and measurement

Belstar is having a robust risk assessment framework to address each of the identified risks. The following is the framework implemented in order to ensure completeness and robustness of the risk assessment.

- Selection of client base for group formation – Adequate due diligence is carried out for selection of women borrowers who are then brought together for SHG/JLG formation. (eg. members with same level of income, only one member from family, annual per capita income, etc.)
- Adequate Training and Knowledge of SHG/JLG operations
- Credit assessment – credit rating and credit bureau check
- Follow up and regular monitoring of the group

### Risk Monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Company.

Borrower Risk Ratings is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. However, the loans originated by Belstar are mostly short





## ►► Notes forming part of the Ind AS Financial Statements

tenure loans (maximum loan tenure being 30 months) and the volume of such loan origination per credit officer is also high, thereby making it practically difficult to carry out a re-rating of borrowers at regular intervals. Therefore, loans are tracked at a homogeneous pool basis by the Risk Team. Any deterioration in the performance of the pool are immediately pointed out to the Senior Management and detailed analysis are carried out to identify the trends in performance.

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Company.

Borrower Risk Ratings is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. However, the loans originated by Belstar are mostly short tenure loans (maximum loan tenure being 30 months) and the volume of such loan origination per credit officer is also high, thereby making it practically difficult to carry out a re-rating of borrowers at regular intervals. Therefore, loans are tracked at a homogeneous pool basis by the Risk Team. Any deterioration in the performance of the pool are immediately pointed out to the Senior Management and detailed analysis are carried out to identify the trends in performance.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to High Risk rated groups/borrowers; Early Delinquency due to fraud
- Credit monitoring - Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans staging more than 90 Days past due);
- Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans
- generated in different time periods
- Collection and Recovery - collection efficiency, Roll forward rates and roll backward rates.

### **Risk Mitigation**

Risk Mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.

The following risk mitigation measures has been suggested at each stage of loan life cycle:

- Loan Origination - site screening, independent visit by manager, adequate training to officers.
- Loan underwriting - Risk rating, independent assessment, etc.
- Loan Pre and Post Disbursement - disbursement at the branch premises and in the bank account only, tracking to avoid misuse of funds,
- Loan monitoring - credit officers to attend group meeting, reminder of payment of EMIs on time, etc.





## ►► Notes forming part of the Ind AS Financial Statements

- Loan collection and recovery – monitor repayments, confirmation of balances,

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to that they decide to take on. Continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' B42 ratings and remuneration reviews.

### Impairment assessment

The Company is basically engaged in the business of providing loans and access to Credit to the Self Help Group (SHG) members / Joint Liability Group (JLG) members. The tenure of which is ranging from 12 months to 24 months. Moreover, Company has categorised its loan into two broad categories Micro Enterprise loans (MEL) and others.

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of 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





## ►► Notes forming part of the Ind AS Financial Statements

### **Exposure at Default (EAD)**

The outstanding balance as at the reporting date is considered as EAD by the company.

### **Probability of default (PD)**

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

While arriving at the PD, the Company also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary. The PD for stage III loan account is considered at 100%. Where a customer has one loan account in stage3 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 Lifetime ECLs and 12m ECLs 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





## ►► Notes forming part of the Ind AS Financial Statements

of expected credit losses are GDP and inflation. Based on the management's assessment, a 5% increase or decrease in these variable are not likely to have a material impact on the ECL recognised in the P&L and consequently, on equity.

### 51.2. 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, 2025	For the Year ended March 31, 2024
Year-end	119.79%	114.49%
Maximum	119.79%	115.66%
Minimum	114.49%	95.88%
Average	117.14%	109.82%

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 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.





## ►► Notes forming part of the Ind AS Financial Statements

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

Maturity pattern of assets and liabilities as on March 31, 2025

(₹ In millions)

Particulars	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 (excl debt securities)	104.13	4,94.28	1,962.72	4,128.15	4,834.50	10,249.34	16,530.71	14,512.76	-	-	52,816.59
Debt securities	-	-	-	270.90	-	270.77	-	-	-	-	541.67
Subordinated debts	-	-	-	-	124.91	199.73	364.66	646.38	1,477.23	-	2,812.91
<b>Total</b>	<b>104.13</b>	<b>4,94.28</b>	<b>1,962.72</b>	<b>4,399.06</b>	<b>4,959.41</b>	<b>10,719.84</b>	<b>16,895.37</b>	<b>15,159.14</b>	<b>1,477.23</b>	<b>-</b>	<b>56,171.17</b>
Cash and bank balance	2,245.98	-	-	-	-	-	1.71	-	-	-	2,247.68
Deposits	2,037.43	290.00	580.00	-	-	0.22	230.25	65.93	-	-	3,203.83
Receivables	-	-	-	0.25	-	-	0.53	-	-	-	0.78
Loans	714.20	1,920.17	2,246.71	4,896.75	4,834.63	13,891.58	21,706.26	16,806.70	271.62	0.58	67,289.21
Investments	-	-	-	-	-	-	-	588.72	-	-	588.72
<b>Total</b>	<b>4,997.61</b>	<b>2,210.17</b>	<b>2,826.71</b>	<b>4,897.00</b>	<b>4,834.63</b>	<b>13,891.80</b>	<b>21,938.74</b>	<b>17,461.35</b>	<b>271.62</b>	<b>0.58</b>	<b>73,330.22</b>

Maturity pattern of assets and liabilities as on March 31, 2024

(₹ In millions)

Particulars	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 (excl 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
<b>Total</b>	<b>124.92</b>	<b>600.95</b>	<b>1,418.00</b>	<b>3,946.73</b>	<b>3,781.48</b>	<b>10,594.35</b>	<b>20,372.16</b>	<b>29,929.00</b>	<b>495.28</b>	<b>1,473.35</b>	<b>72,736.22</b>
Cash and bank balance	3,227.70	-	-	-	-	-	1.75	-	-	-	3,229.45
Deposits	413.55	1,700.00	1,600.00	-	-	0.11	128.05	266.78	-	-	4,108.50
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	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,891.40</b>	<b>2,976.14</b>	<b>4,031.93</b>	<b>4,297.72</b>	<b>4,345.75</b>	<b>13,190.47</b>	<b>25,595.58</b>	<b>32,241.32</b>	<b>46.28</b>	<b>8.86</b>	<b>90,625.46</b>





## ►► Notes forming part of the Ind AS Financial Statements

### 51.3. Economic Risk

In FY 2024–25, NBFC–MFIs in India face a mixed economic environment, with both challenges and opportunities. Slower rural consumption recovery, driven by uneven monsoons, inflation, and limited wage growth, may strain borrowers' repayment capacity, heightening credit risk. Inflationary pressures and uncertain interest rate movements could squeeze margins and increase borrowing costs, while heightened competition from banks and fintechs may lead to riskier lending practices. Regulatory tightening could raise compliance costs, limiting pricing flexibility, while climate-linked risks, including extreme weather events, pose additional challenges to borrowers' income stability. Despite these risks, the sector's resilience, driven by financial inclusion, digital growth, and robust risk management, provides a foundation for navigating these economic uncertainties in the coming year.

### 51.4. 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 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:

#### 51.4.1. 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.



## ►► Notes forming part of the Ind AS Financial Statements

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, 2025.

The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax affected through the impact on floating rate borrowings, as follows:

Particulars	Effect on Statement of Profit and loss for the year ended 2024-25	Effect on Statement of Profit and loss for the year 2023-24
0.50% increase	(264.08)	(312.58)
0.50% decrease	264.08	312.58

### 51.4.2. 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.

### 51.4.3. Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, which occur when assets or liabilities are denominated in a currency other than the Company's functional currency. Currency risk refers to the potential fluctuation in the value of financial instruments due to changes in exchange rates. While the Company currently does not have any assets or liabilities denominated in foreign currencies and is therefore not directly exposed to foreign exchange risk, fluctuations in exchange rates could impact future transactions or investments. Should such exposure arise, the Company would need to adopt effective risk management strategies, such as hedging, diversification, or local currency transactions, to mitigate any potential adverse effects on financial stability and operational efficiency.

### 51.4.4. 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.

### 51.5. 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





## ►► Notes forming part of the Ind AS Financial Statements

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.

### 52. 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, 2025	As at March 31, 2024
Principal amount due	0.01	3.91
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.	-	-

### 53. Foreign Currency Expenditure

#### 53.1. Foreign Currency Expenditure

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Professional Fees	12.63	2.94
Dividend	10.98	8.79

#### 53.2. Unhedged Foreign Currency

The unhedged Foreign currency exposure of the Company as on March 31, 2025 is ₹ Nil, as on March 31, 2024 is ₹ Nil.

### 54: 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".



## ►► Notes forming part of the Ind AS Financial Statements

### 55: Additional Disclosures pursuant to Reserve Bank of India Directions

**55.1. 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, 2025		As at March 31, 2024	
		Amount Outstanding	Amount Over Due	Amount Outstanding	Amount Over Due
	<b>Liabilities :</b>				
1	<b>Loans and advances availed by the NBFC inclusive of interest accrued thereon not paid:</b>				
(a)	Debentures & Preference shares				
	-Secured	-	-	3,398.72	-
	-Unsecured	3,113.79	-	7,008.13	-
	(Other than falling within the meaning of Public deposits)				
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	51,995.09	-	61,614.22	-
(d)	Inter-Corporate Loans and Borrowings				
(e)	Commercial Paper				
(f)	Foreign Currency Non-Resident (FCNR-B) Loans.	-	-	-	-
(g)	Other Loans (Nature of other Loans, CC etc.)	1,226.98	-	1,249.87	-

(₹ In millions)

S. No	Particulars	As at March 31, 2025	As at March 31, 2024
	<b>Assets</b>		
2	<b>Breakup of Loans and Advances including Bills Receivables [Other than those included in (3) below ] :</b>		
(a)	Secured	37.55	56.63
(b)	Unsecured (including Interest accrued and Loans to staff)	67,251.66	83,218.29
3	<b>Break up of Leased Assets and Stock on Hire and other Assets counting towards AFC activities.</b>		
(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	-	-





## ►► Notes forming part of the Ind AS Financial Statements

4	Breakup of investments		
	Current Investments		
I	Quoted:		
(i)	Shares : (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Others (Please Specify)	-	-
II	Unquoted:		
(i)	Shares : (a) Equity	-	-
(ii)	(b) Preference	-	-
(iii)	Debentures and Bonds	-	-
(iv)	Units of Mutual Fund	-	-
(v)	Government Securities	-	-
	Others (Please Specify)	-	-
	Long Term Investments		
I	Quoted:		
(i)	Shares : (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Others (Please Specify)	-	-
II	Unquoted:		
(i)	Shares : (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Security Receipts	588.72	-

### 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, 2025			Net of provisions as at March 31, 2024		
		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	37.55	67,251.66	67,289.21	56.63	83,218.29	83,274.92
	<b>Total</b>	<b>37.55</b>	<b>67,251.66</b>	<b>67,289.21</b>	<b>56.63</b>	<b>83,218.29</b>	<b>83,274.92</b>



## ► Notes forming part of the Ind AS Financial Statements

### 6. Other Information

(₹ In millions)

S. No	Particulars	As at March 31, 2025	As at March 31, 2024
(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

### 55.2 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, 2025	As at March 31, 2024
<b>Category wise breakup of Provisions &amp; Contingencies shown in Statement of Profit and Loss</b>		
Provision towards non-performing assets*	7,732.75	2,351.73
Provision made towards income tax	777.81	1,440.85
Provision for gratuity	22.30	21.22
Provision for standard assets#	418.42	803.82
Provision for Other Financial Asset	-6.35	15.34
Provision for other assets	26.85	28.81

\* Represents impairment loss allowance on stage 3 loans.

# Represents impairment loss allowance on stage 1 and stage 2 loans.

#### 2. Movement of NPA

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Net NPAs to net advances (%)	0.44%	0.17%
<b>Movement of NPAs (Gross)</b>		
(a) Opening balance	1,560.28	1,144.81
(b) Additions during the year	10,938.64	2,569.66
(c) Reductions during the year	8,902.66	2,154.19
<b>Closing balance</b>	<b>3,596.26</b>	<b>1,560.28</b>
<b>Movement of Net NPAs</b>		
(a) Opening balance	145.20	305.27
(b) Additions during the year	3,205.89	217.93
(c) Reductions during the year	3,057.82	378.00
<b>Closing balance</b>	<b>293.27</b>	<b>145.20</b>
<b>Movement of provisions for receivables under financing activities</b>		
(a) Opening balance	1,415.08	839.54
(b) Provisions made during the year	7,732.75	2,351.73
(c) Provision write-off	5,844.84	1,776.19
<b>Closing balance</b>	<b>3,302.99</b>	<b>1,415.08</b>



**►► Notes forming part of the Ind AS Financial Statements****3. Concentration of advances, exposures and NPAs:**

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
<b>Concentration of Advances</b>		
Total Advances to twenty largest borrowers	11.29	13.77
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.01%	0.01%
<b>Concentration of Exposures</b>		
Total Exposure to twenty largest borrowers / customers	11.29	13.77
Percentage of Exposures to twenty largest borrowers/customers to total exposure	0.01%	0.01%
<b>Concentration of NPAs</b>		
Total Exposure to top four NPA accounts	1.27	0.90

**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, 2025 and Year ended March 31, 2024

**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.

**7. Unsecured advances**

Refer note 9 for details of unsecured advances

**8. The Company is not registered with any other financial sector regulators.**

9. RBI has imposed a fine of ₹31 millions during the year ended March 31, 2025. No penalty has been imposed by RBI and other regulators during year ended March 31, 2024.

**10. Drawdown from reserves**

There has been no drawdown from reserves during the year ended March 31, 2025. (previous year: Nil)



## ►► Notes forming part of the Ind AS Financial Statements

### 11. Overseas Assets

The company does not have any subsidiary/ Joint ventures 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.

### 14. Channelizing Agent for schemes operated be Central/State Government Agencies

The company has not been engaged as channelizing Agent for schemes operated by Central/State Government Agencies.

### 15. Intra Group Exposure

The company has not given advances to Group companies as on March 31,2025. (March 31,2024:- Nil)

### 16. Divergence in asset classification and provisioning

There is no Divergence assessed by Reserve Bank of India

### 55.3. 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

(₹ In millions)

S. No	Particulars	As at March 31, 2025	As at March 31, 2024
	<b>Complaints received by the NBFC from its customers</b>		
1	Number of complaints pending at beginning of the year	22	12
2	Number of complaints received during the year	1028	718
3	Number of complaints disposed during the year	1020	708
3.1	Of which, number of complaints rejected by the NBFC	0	0
4	Number of complaints pending at the end of the year	30	22
	<b>Maintainable complaints received by the NBFC from Office of Ombudsman</b>		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	83	32
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	82	32
5.2	Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	0	0
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

### Grounds of complaints received by the NBFCs from customers

(₹ In millions)

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
<b>For the period ended March 31, 2025</b>					
Wrong Mobile Number	5	65	-64%	1	0
Updation of Repayment Records / Digital Transactions	0	84	1%	0	0
Employee Related	0	6	-67%	0	0
Recovery Practices / Employee Behaviour	3	209	135%	2	0
Insurance claim settlement	8	545	103%	27	15
Updation of CIR	3	49	9%	0	0
Others	3	70	119%	0	0
<b>Total</b>	<b>22</b>	<b>1028</b>	<b>43%</b>	<b>30</b>	<b>15</b>
<b>For the Year ended March 31, 2024</b>					
Wrong Mobile Number	2	182	-54%	5	0
Updation 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	647%	8	0
Updation of CIR	0	45	45%	3	0
Others	2	32	33%	3	0
<b>Total</b>	<b>12</b>	<b>718</b>	<b>-2%</b>	<b>22</b>	<b>0</b>

### 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 were predominantly due to stress in the microfinance sector owing to overindebtedness and multiple lending by the borrowers. 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.



## ►► Notes forming part of the Ind AS Financial Statements

### 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, 2025			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Maximum threshold for GNPA Ratio	-	3	-	7
Liquid Asset/ Total Asset	-	-	-	4
ROA and ROE	-	-	-	3
ICR	-	-	-	1
Maximum threshold for NNPA Ratio	-	-	-	-
Maximum threshold for AUM to Net worth Ratio	-	-	-	-
Maximum threshold for Portfolio At Risk (PAR) Accounts >30 Days	-	1	-	3
Maximum threshold for Portfolio At Risk (PAR) Accounts >90 Days	4	3	3	5

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

### 3. Exposure to Real Estate

(₹ In millions)

S.No	Category	As at March 31, 2025	As at March 31, 2024
<b>A)</b>	<b>Direct Exposure</b>		
(i)	<b>Residential Mortgages -</b>		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	38.38	57.31
(ii)	<b>Commercial Real Estate -</b>		
	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)	<b>Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>		
a.	Residential	-	-
b.	Commercial Real Estate	-	-
<b>B)</b>	<b>Indirect Exposure</b>		
	Fund based and Non Fund based exposure on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
	<b>Total Exposure to Real Estate Sector</b>	<b>38.38</b>	<b>57.31</b>





## ►► Notes forming part of the Ind AS Financial Statements

4. The Company has no exposure to capital market directly or indirectly as of March 31, 2025 and March 31, 2024

### 5. Sectoral exposure

(₹ In millions)

S.No	Sectors	As at March 31, 2025			As at March 31, 2024		
		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	52,405.50	3,569.31	6.81%	66,517.32	1,575.56	2.37%
2	Industry						
	Production or Manufacturing	6,936.69	368.27	2.38%	5,954.30	83.05	0.49%
	Trade and Business	8,563.08	762.34	4.92%	10,857.63	429.37	2.55%
	<b>Total of Industry</b>	<b>15,499.77</b>	<b>1,130.62</b>	<b>7.29%</b>	<b>16,811.94</b>	<b>512.42</b>	<b>3.05%</b>
3	Services						
	Services	10,761.40	1,129.24	10.49%	15,460.89	589.30	3.81%
	<b>Total of Services</b>	<b>10,761.40</b>	<b>1,129.24</b>	<b>10.49%</b>	<b>15,460.89</b>	<b>589.30</b>	<b>3.81%</b>
4	Personal Loans						
	Others	1,028.11	93.45	9.09%	1,437.41	18.20	1.27%
	<b>Total of Personal Loans</b>	<b>1,028.11</b>	<b>93.45</b>	<b>9.09%</b>	<b>1,437.41</b>	<b>18.20</b>	<b>1.27%</b>
	<b>Total</b>	<b>79,694.79</b>	<b>5,922.61</b>	<b>7.43%</b>	<b>100,227.56</b>	<b>2,695.48</b>	<b>2.69%</b>

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

(i) Details of transfer through assignment in respect of loans not in default during the Year ended March 31, 2025

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Count of Loan accounts Assigned (No. of Accounts)	246,392.00	594,535.00
Amount of Loan Account Assigned (In Millions)	8,765.56	19,948.73
Weighted average residual maturity (In Months)	16.58	16.07
Weighted average holding period of loans (In Months)	7.18	6.35
Retention of beneficial economic interest (MRR)	10%	10%
Coverage of tangible security coverage	NIL	NIL
Rating-wise distribution of rated loans	Retail Loans -NA	Retail Loans -NA



## ►► Notes forming part of the Ind AS Financial Statements

### (ii) Details of stressed loans classified as NPA transferred to ARC

(₹ In millions)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
No. of. Accounts	88,246.00	-
Aggregate Principal outstanding of loans transferred	2,592.03	-
Weighted average residual maturity of the loans transferred (In Months)	11.00	-
Net Book Value of Loans Tranferred	730.84	-
Aggregate Consideration	750.00	-
Additional consideration realised in respect of loans transferred in earlier years	-	-
Investments in security receipts	651.90	-

a) Details of Recovery Rating assigned for Security receipts is 'IND RR4' having implied recovery more than 25% and upto 50% (as on March 31, 2024 - 'IND RR4') wrt Phoneix Trust. Refer 9.1 in respect for the PARAS trust. The Carrying value of Security Receipts ("SRs") held by the Company as on March 31, 2025 is ₹588.72 ( Gross book value: 977.39 millions, Impairment allowance: 388.67 millions).The Carrying value of Security Receipts ("SRs") held by the Company as on March 31, 2024 is ₹ Nil (Gross book value - 472.71 millions, Loss on fair value change - 472.71 millions)

b) 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, 2025 and Year ended March 31, 2024.





## ►► Notes forming part of the Ind AS Financial Statements

55.5. 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, 2025

(₹ In millions)

Asset classification as per RBI norms	Asset classification as per IND AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
<b>Performing asset</b>						
Standard	Stage 1	66,042.17	408.51	65,633.66	223.17	185.34
	Stage 2	2,293.49	931.21	1,362.28	30.69	900.52
<b>Subtotal</b>		<b>68,335.66</b>	<b>1,339.72</b>	<b>66,995.94</b>	<b>253.86</b>	<b>1,085.86</b>
<b>Non-Performing asset (NPA)</b>						
Substandard	Stage 3	3,596.26	3,302.99	293.27	944.26	2,358.73
Doubtful						
upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>3,596.26</b>	<b>3,302.99</b>	<b>293.27</b>	<b>944.26</b>	<b>2,358.73</b>
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	-	-	-	-	-
<b>Subtotal</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>Stage 1</b>	<b>66,042.17</b>	<b>408.51</b>	<b>65,633.66</b>	<b>223.17</b>	<b>185.34</b>
	<b>Stage 2</b>	<b>2,293.49</b>	<b>931.21</b>	<b>1,362.28</b>	<b>30.69</b>	<b>900.52</b>
	<b>Stage 3</b>	<b>3,596.26</b>	<b>3,302.99</b>	<b>293.27</b>	<b>944.26</b>	<b>2,358.73</b>
	<b>Total</b>	<b>71,931.92</b>	<b>4,642.71</b>	<b>67,289.21</b>	<b>1,198.12</b>	<b>3,444.59</b>



## ►► Notes forming part of the Ind AS Financial Statements

As at March 31, 2024

(₹ In millions)

Asset classification as per RBI norms	Asset classification as per IND AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
<b>Performing asset</b>						
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
<b>Subtotal</b>		<b>84,051.03</b>	<b>921.31</b>	<b>83,129.72</b>	<b>741.99</b>	<b>179.32</b>
<b>Non-Performing asset (NPA)</b>						
Substandard	Stage 3	1,560.28	1,415.08	145.20	481.08	934.00
Doubtful						
upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>1,560.28</b>	<b>1,415.08</b>	<b>145.20</b>	<b>481.08</b>	<b>934.00</b>
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	-	-	-	-	-
<b>Subtotal</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>Stage 1</b>	<b>83,026.38</b>	<b>540.76</b>	<b>82,485.62</b>	<b>728.17</b>	<b>-187.41</b>
	<b>Stage 2</b>	<b>1,024.65</b>	<b>380.55</b>	<b>644.10</b>	<b>13.82</b>	<b>366.73</b>
	<b>Stage 3</b>	<b>1,560.28</b>	<b>1,415.08</b>	<b>145.20</b>	<b>481.08</b>	<b>934.00</b>
	<b>Total</b>	<b>85,611.31</b>	<b>2,336.39</b>	<b>83,274.92</b>	<b>1,223.07</b>	<b>1,113.32</b>

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.





## ►► Notes forming part of the Ind AS Financial Statements

**55.6. 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.**

(₹ In millions)

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 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
	For the period Apr 2024 to Sep 2024	0.22	0.02	-	0.20	-
	For the period Oct 2024 to Mar 2025	-	-	-	-	-

As of March 31, 2025, there were NIL borrower accounts having an aggregate exposure of NIL. As of March 31, 2024, there were 10,109 borrower accounts having an aggregate exposure of ₹ 48.23 millions 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.

**55.7. 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)**

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Number of Significant Counterparties	22	21
Amount (₹ In Million)	52,266.53	66,385.55
% of Total deposits	NA	NA
% of Total Liabilities	89.85%	87.00%

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 Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

**(ii) Top 20 large deposits (amount in ₹ millions and % of total deposits)**



## ► Notes forming part of the Ind AS Financial Statements

Not applicable. The company being a Systematically Important Non-Deposit taking Non- Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

### (iii) Top 10 borrowings (amount in ₹ millions and % of total borrowings)

(₹ In millions)

Particulars	As at March 31, 2025		As at March 31, 2024	
	Amount (₹ In Millions)	% of total Borrowings	Amount (₹ In Millions)	% of total Borrowings
Top 10 Borrowings	39,575.24	70.45%	51,006.24	70.12%

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

(₹ In millions)

Name of the instrument/product	As at March 31, 2025	% of Total Liabilities	As at March 31, 2024	% of Total Liabilities
Term Loans	52,816.59	90.79%	62,515.85	81.93%
Non-Convertible Debentures	541.67	0.93%	7,413.59	9.72%
Subordinate Debt	2,812.91	4.84%	2,806.78	3.68%

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 Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines

### (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, 2025	73.53%	71.00%	54.43%
- As at March 31, 2024	60.98%	58.13%	47.39%

#### \*Notes:

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

### (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,





## ►► Notes forming part of the Ind AS Financial Statements

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.

(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 millions)

S. No	Particulars	Quarter March 31, 2025		Quarter December 31, 2024**		Quarter September 30, 2024		Quarter June 30, 2024	
		Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)
1	<b>Total High Quality Liquid Assets (HQLA)</b>								
a	Cash and bank balance	665.69	665.69	623.01	623.01	673.68	673.68	629.06	629.06
b	Marketable Securities	-	-	-	-	-	-	1,524.18	1,524.18
c	Unencumbered fixed deposit	-	-	-	-	-	-	3,987.09	3,987.09
d	Government Securities	2,581.62	2,581.62	2,739.13	2,739.13	2,102.77	2,102.77	-	-
		<b>3,247.31</b>	<b>3,247.31</b>	<b>3,362.14</b>	<b>3,362.14</b>	<b>2,776.45</b>	<b>2,776.45</b>	<b>6,140.32</b>	<b>6,140.32</b>
	<b>Cash Outflows</b>								
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"	-	-	-	-	-	-	-	-



## ►► Notes forming part of the Ind AS Financial Statements

(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	5,781.07	6,648.23	8,138.85	9,359.67	6,052.10	6,959.91	6,173.23	7,099.21
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	<b>TOTAL CASH OUTFLOWS</b>	<b>5,781.07</b>	<b>6,648.23</b>	<b>8,138.85</b>	<b>9,359.67</b>	<b>6,052.10</b>	<b>6,959.91</b>	<b>6,173.23</b>	<b>7,099.21</b>
	<b>Cash Inflows</b>								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	7,232.56	4,986.18	7,650.25	5,737.69	7,772.01	5,219.93	8,150.35	5,324.41
11	Other cash inflows	-	-	-	-	-	-	-	-
12	<b>TOTAL CASH INFLOWS</b>	<b>7,232.56</b>	<b>4,986.18</b>	<b>7,650.25</b>	<b>5,737.69</b>	<b>7,772.01</b>	<b>5,219.93</b>	<b>8,150.35</b>	<b>5,324.41</b>
13	<b>TOTAL HQLA</b>		<b>3,247.31</b>		<b>3,362.14</b>		<b>2,776.45</b>		<b>6,140.32</b>
14	<b>TOTAL NET CASH OUTFLOWS</b>		<b>1,662.06</b>		<b>3,621.99</b>		<b>1,739.98</b>		<b>1,774.80</b>
15	<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>195%</b>		<b>93%</b>		<b>160%</b>		<b>346%</b>

\* This is calculated based on statutory returns filed with the RBI.

\* \*The LCR has been less than the prescribed level of 100%. However the company had sufficient liquidity in form of Fixed Deposit with the Banks which is not considered as HQLA. The company had placed the adequate liquidity in TBills by which the company will comply with the LCR requirements for Q4 FY 25.

(₹ In millions)

S. No	Particulars	Quarter March 31, 2024		Quarter December 31, 2023		Quarter September 30, 2023		Quarter June 30, 2023	
		Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)
1	<b>Total High Quality Liquid Assets (HQLA)</b>								
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
		<b>4,754.78</b>	<b>4,754.78</b>	<b>4,363.14</b>	<b>4,363.14</b>	<b>4,776.72</b>	<b>4,776.72</b>	<b>6,891.26</b>	<b>6,891.26</b>
	<b>Cash Outflows</b>								
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"	-	-	-	-	-	-	-	-





## ► Notes forming part of the Ind AS Financial Statements

(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	<b>TOTAL CASH OUTFLOWS</b>	<b>5,964.32</b>	<b>6,858.96</b>	<b>5,768.12</b>	<b>6,633.34</b>	<b>4,756.56</b>	<b>5,470.04</b>	<b>4,685.95</b>	<b>5,388.84</b>
	<b>Cash Inflows</b>								
9	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	<b>TOTAL CASH INFLOWS</b>	<b>7,318.88</b>	<b>5,144.22</b>	<b>6,546.82</b>	<b>4,910.11</b>	<b>5,713.99</b>	<b>4,102.53</b>	<b>5,328.24</b>	<b>3,996.18</b>
13	<b>TOTAL HQLA</b>		<b>4,754.78</b>		<b>4,363.14</b>		<b>4,776.72</b>		<b>6,891.26</b>
14	<b>TOTAL NET CASH OUTFLOWS</b>		<b>1,714.74</b>		<b>1,723.23</b>		<b>1,367.51</b>		<b>1,392.66</b>
15	<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>277%</b>		<b>253%</b>		<b>349%</b>		<b>495%</b>

### 56: Fraud

#### 56.1 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 millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Number of frauds reported during the year / period to Reserve Bank of India	23	3
Amount involved in such frauds	20.52	2.13

#### 56.2 In addition to above, instances of Fraud where the amount involved is individually less than ₹ 1 lakh as as given below

(₹ In millions)

Particulars	As at March 31, 2025	As at March 31, 2024
Number of frauds on the Company during the year	6	766
Amount involved in such frauds	0.36	36.42

### 57: Additional Regulatory information as per MCA notification dated March 24, 2021

#### 57.1 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, 2025 and year ended March 31, 2024.



## ► Notes forming part of the Ind AS Financial Statements

### 57.2. 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, 2025 and year ended March 31, 2024.

### 57.3. Transactions with struck off 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

### 57.4. 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, 2025 and as at March 31, 2024.

### 57.5. Compliance with number of layers of companies

Not Applicable

### 57.6. 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.

### 57.7. 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, 2025 and year ended March 31, 2024.

### 57.8. Compliance relating to Audit Trail on accounting Software uses by the Company

The software used by the Company for maintaining its books of account primarily includes its financial accounting software, which operates under a Platform-as-a-Service (PaaS) model. In addition, the Company utilizes a Loan Management System ("LMS"), Probability of Default (PD) and Loss Given Default (LGD) analytics tool used for Expected Credit Loss (ECL) model preparation, and human resources management software, collectively referred to as the "Accounting Software", which operate under a Software-as-a-Service (SaaS) model.

In compliance with applicable regulatory requirements, These Accounting Software used by company has an in-built audit trail (edit log) feature at the application level, which captures and records every change made to the books of account, including details of such changes. This audit trail functionality





## ►► Notes forming part of the Ind AS Financial Statements

was active throughout the year and was not tampered with for any of the transactions recorded in the system.

However, as confirmed by the respective SaaS vendors, access to the database is restricted solely to database administrators. These administrators operate under stringent access controls and monitoring mechanisms. All administrative activities were logged and reviewed in accordance with the vendors' standard change management procedures ("Change Management SoPs").

There were no direct changes made to transactions in the books of account at the database level, except in compliance with the established Change Management SoPs. The Company maintains robust internal controls across its processes, and the unavailability of audit trails at the database level did not adversely affect the overall internal control environment.

**57.9.** 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 recognised in the current year.

### 58. Ratings assigned by credit rating agencies

Instrument	Rating agency	Rating / Grading	
		As at March 31, 2025	As at March 31, 2024
Long Term Bank Facilities	CRISIL	CRISIL AA / Stable	CRISIL AA / Stable
Non-Convertible Debentures	CARE	CARE AA- / Stable	CARE AA- / Stable
Non-Convertible Debentures	CRISIL	CRISIL AA / Stable	CRISIL AA / Stable
Subordinated Debts	CRISIL	CRISIL AA / Stable	CRISIL AA / Stable
Subordinated Debts	CARE	CARE AA- / Stable	CARE AA- / Stable
Market Linked Debenture	CRISIL	-	CRISIL PPMLD AA / Stable

### 59: 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  
**For M/s. SUNDARAM & SRINIVASAN**  
Chartered Accountants  
(Firm's Registration No. 004207S)

**S Usha**  
Partner  
Membership No. 211785

Date : 28.04.2025  
Place : Chennai

**For and on behalf of Board of Directors**

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

**L Muralidharan**  
Chief Financial Officer

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

**Sunil Kumar Sahu**  
Company Secretary



**Registered Office:** New No.33/Old No.14, 48th Street, 9th Avenue, Ashok Nagar,  
Chennai, Tamil Nadu – 600 083.

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