Belstar™
Microfinance Limited
Lending Hope. Building Futures.

A Subsidiary of
Muthoot Finance

BUILT FOR THE CLIMB

ANNUAL REPORT

FY 2025-26

DISCIPLINED
FOCUS

RESILIENT
PERFORMANCE.

SUSTAINED
GROWTH

BUILT TO
CLIMB HIGHER.

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CORPORATE OVERVIEW

ABOUT US

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

To cater to the needs of our customers, we offer a wide range of loan products, including micro-enterprise, small enterprise, festival, education, and emergency loans through our extensive microfinance branch network across 19 States and 2 UTs. We offer gold loans through exclusive branches in Tier II and III towns across Andhra Pradesh, Telangana, Karnataka and Tamil Nadu

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 and social transformation.

OUR VISION

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

OUR MISSION

To be a catalyst for women's economic empowerment by delivering inclusive and responsible financial services, coupled with community engagement that enables long-term economic resilience and sustainable livelihoods.

OUR GOAL

To provide digital financial inclusion to microentrepreneurs.

OUR VALUES

- **Integrity**
- **Professionalism**
- **Transparency**
- **Teamwork**
- **Accountability**
- **Passion**
- **Empathy**

MEET OUR NEW LOGO

Belstar™
Microfinance Limited
Lending Hope. Building Futures.

Women at the Heart of Our Progress

Belstar's journey has been one of purpose-led growth. From a single branch in Kanchipuram to a network of over 1,200 branches across 19 states and 2 Union territories, the institution today serves over 5.5 million customers. A decade-long partnership with Muthoot Finance has further strengthened this journey, positioning Belstar among India's leading NBFC-MFIs. Backed by the strength of its parent company, Belstar is a CRISIL AA/Stable-rated institution. Belstar is now recognized as one of the safest and most reliable microfinance institutions in the country.

As Belstar steps into a new era, we unveiled our refreshed identity that reflects a sharper vision, deeper alignment, and a continued commitment to empowering underserved communities.

The New Logo

At the heart of this identity is a striking new logo—a visual metaphor for India's Wheel of Progress, powered by Nari Shakti. The central radiating Sindoor represents energy, dignity, and empowerment. Flanking it are two curved brackets symbolising the tusks of the elephant, the iconic emblem of Muthoot Finance, reflecting strength, protection, and a legacy of trust. Together, they encapsulate the nurturing yet powerful force that safeguards Belstar's mission and its millions of customers.

More than a design, it signifies the commitment to inclusive growth, cultural rootedness, and forward-thinking innovation. It represents a brand that honors tradition while embracing the future, driven by purpose and powered by people, symbolising that we are ready for the future.

Lending Hope.
Building Futures.

Our Tagline

"Lending Hope. Building Futures."

At Belstar Microfinance, we believe that true empowerment begins with hope, the belief that change is possible, and that every woman has the strength to shape her own destiny. Our role goes far beyond providing financial services. We lend hope to underserved women, helping them rise with dignity, confidence, and purpose.

Through microloans, skill development, and entrepreneurship support, we enable women to build sustainable livelihoods, support their families, and contribute to their communities. Each loan is not just a transaction for us, it's a stepping stone toward a better future for the women we serve.

Our new tagline, "Lending Hope. Building Futures.", reflects this dual mission. It captures the essence of our work, offering financial help with compassion, and nurturing transformation with trust. It is a promise to continue walking alongside our customers as they build brighter, more resilient futures.

SNAPSHOTS

AUM:
₹8,222.13 crores

ROE:
1.39%

Active Borrowers:
19,65,665
(-22.5% YoY Growth)

ROA:
0.31%

Net worth:
₹1,795.16 crores
(1.4% YoY Growth)

No. of Employees:
11,514

PBT:
₹37.65 crores
(-26.1% YoY Growth)

Credit Rating:
AA/Stable

PAT:
₹24.70 crores
(-46.7% YoY Growth)

% of Women Employees:
18.32%

Credit Cost:
7.61%
(24.5% YoY Growth)

% of Women in Field Workforce:
17.99%

NNPA:
0.11%
(74.4% YoY Growth)

Borrower Demographics:
Rural – 77.80%,
Semi Urban – 5.72%,
Urban – 16.48%

CRAR:
23.50%
(-5.9% YoY Growth)

MILESTONES

1988
Incorporated as Belstar Investment & Finance Pvt Ltd in Bengaluru

2001
Registered with RBI as an NBFC

2008
Acquired by Dr. Kalpanaa Sankar, her family and some colleagues to provide scalable microfinance services to entrepreneurs

2010
Secured Equity Investments from Foreign Investors including IFC, NMI, Swed Fund & Aavishkaar

2011
Re-classified as an NBFC MFI

2016
Muthoot Finance Limited makes strategic investment and acquires a majority stake

Won the Best MFI Award 2016 in Medium Sized Category from Access Development Services

Crossed AUM of ₹ 500 crore becoming a Systemically Important NBFC

2017
Onboarded MAJ Invest, a Private Equity Fund as an equity investor

2020
Re-classified as Public Limited Company and renamed as Belstar Microfinance Limited

2022

Onboarded Affirma Capital,
a PE fund, as a Strategic Investor

Won the Award for MLD SME Entrepreneur of the Year 2021 award

Gold Certification for Client Protection by MFR

2023

Recognised as a Great Place to Work®

Achieved ₹5000 crore AUM

2024

Top 50 India's Best Workplaces™ in BFSI

Best Workplaces in Microfinance by Great Place to Work®

Crossed AUM of ₹10,000 crore

Secured CRISIL rating of AA/Stable, highest in the MFI industry till date

Elaben Memorial Award for Best Women-Friendly Financial Institution 2024.

2025

Diversified into Gold Loan Business vertical

Renewed Gold Level in Client Protection Standards by MFR

Ranked among Top 5 of India's Best Workplaces™ in Microfinance 2025

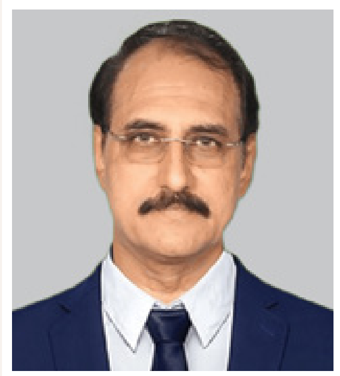
ISO/IEC 27001:2022 Certified Information Security Management System

2026

Recognised as a Great Place to Work® for the 3rd Consecutive Year

Ranked among Top 50 of India's Best Workplaces™ in BFSI

From the **CEO's** Desk



J Balakrishnan
Whole Time Director &
Chief Executive Officer

Dear Stakeholders,

Over the past 18 years, we have stayed rooted in our purpose: to empower underserved women through access to responsible financial services. We have empowered over **55 lakh women** through our unique double bottom approach, striving for both financial performance and social transformation. To date, we have disbursed over **₹42,000 Crore** driving economic participation at grassroots level. The impact we have created enhancing livelihoods, building confidence, and strengthening community resilience, has reaffirmed the value of inclusive finance as a tool for nation-building.

I am pleased to present to you Belstar's Annual Report FY 25-26. There are years that test us. And then there are years that define us. FY 2025–26 was both. It was a **Year of Resurgence.** We navigated multiple challenges, including leadership transitions, a sluggish industry environment, and regulatory ordinances that impacted collections across our home turf of Tamil Nadu and Karnataka. Despite these headwinds, the organization demonstrated remarkable determination to continue its climb

The theme of this year's Annual Report was consciously chosen to highlight the efforts put in by the people of Belstar in our Year of Resurgence. The imagery of scaling a peak symbolizes not just success, but the perseverance, teamwork, and discipline that made it possible.

H1 Loss
₹160 Cr
(Apr 25 to Sep 25)

H2 Profit
₹184.67 Cr
(Oct 25 to Mar 26)

Annual PAT
₹24.70 Cr
(As on 31st Mar 26)

Industry Outlook

The climb we undertook last year was steeper than anticipated and longer than expected. Post March 2024, the microfinance industry entered one of its most turbulent phases in recent memory. By March 2026, the sector's gross loan portfolio had contracted to ₹3,25,174 crore, a year-on-year decline of 13.3%. Active loan accounts fell from 13.3 crore to 10.1 crore, with nearly 3 crore borrowers stepping out of the formal credit ecosystem within a single year.

NBFC-MFIs continued to remain the largest providers of microcredit, with a portfolio share of 44.2%, followed by banks (26.5%), SFBs (15.8%), and other NBFCs (12.3%) as of March 31, 2026. This underscores the enduring demand for microfinance services across the country.

However, the year was marked by sustained pressure, lending slowed sharply, write-offs increased, disbursements contracted, and portfolio stress deepened across all lender categories. This strain persisted for eight consecutive quarters (Since Q1 2024), impacting institutions nationwide. Belstar was not immune. We experienced a slowdown in disbursements and elevated portfolio stress, reflecting the broader industry challenges.

Yet, adversity also became a catalyst. The industry began shifting toward more responsible and disciplined growth. Institutions that recognized this transition early and responded with clarity have emerged stronger.

Our Resurgence

As we navigated a challenging first half in which we report a loss, Belstar embraced the moment not as a setback, but as an opportunity, to recalibrate, rebuild, and rise stronger, guided by an unshakeable belief in our people.

Our first step was to return to our core, to reconnect with the very backbone of our organisation, our employees. Through our monthly **Captain's Call,** we created a transparent platform to share performance insights, celebrate achievements, and align every team member to the road ahead. This renewed sense of connection and clarity became the foundation of our resurgence.

Reinforcing our inclusive culture, we launched **'Your Ideas Matter'**, an initiative that empowered employees at all levels to contribute ideas directly to the management. The most impactful of these were not only recognized but implemented, building a deep sense of ownership and collective pride.

Operationally, we brought sharper discipline and rigor into our execution. Weekly performance reviews across disbursements and collections, down to granular portfolio buckets enabled us to arrest delinquencies early and decisively. Branches were reoriented towards profitability, with greater focus on reducing insurance pendency and expediting customer claim settlements.

These decisive and coordinated efforts began to yield strong results. In the second half of the year, our collections efficiency consistently exceeded 99%, and continued the momentum paving the way for a remarkable turnaround, culminating in a profit of **₹24.70 crore** by 31st March 26. Notably, Q4 alone delivered a PAT

> **"The mountain does not become easier; we became stronger with every climb."**

of ₹**133 crore** the highest quarterly profit in Belstar's history since inception.

Strength Amidst Challenges

Despite sector headwinds, Belstar retained its position among the Top 10 NBFC-MFIs in India, supported by a strong **CRISIL rating of AA/Stable.** Our operations continued to be anchored by an **ISO/IEC 27001:2022 certified Information Security Management System,** reinforcing our commitment to data integrity and governance.

Our workplace culture earned us the **Great Place to Work**® Certification and, for the second time, secured a place among **India's Top 50 Best Workplaces™** in BFSI and Top 5 in India's Best Workplaces in Microfinance. These accolades reflect a culture of trust , fairness, inclusion and collective growth.

Across the length and breadth of the country, millions of women in underserved communities continued to access opportunity, build sustainable livelihoods, and shape better futures, for themselves and their families. They moved forward with confidence, because Belstar remained steadfast in its commitment.

This was not a year of mere recovery. It was a year of renewal. A year where we rediscovered our inner strength. A year where every individual across the organisation rose to the occasion, rededicating themselves to our shared mission with passion and conviction.

We did not just regain lost ground, we reignited our purpose, sharpened our focus, and set our sights higher.

Renewing Identity, Reaffirming Purpose

During the year, Belstar unveiled a refreshed brand identity, including a new logo aligned with the legacy and trust of our parent group, The Muthoot Group.

The new logo symbolizes India's Wheel of Progress, driven by Nari Shakti, and reflects our belief that empowering women financially is the most transformative investment a society can make.

We also introduced a renewed tagline,

"Lending Hope. Building Futures."

This reflects our conviction that true empowerment begins with hope, the belief that change is possible and that every woman has the strength to shape her own destiny.

We reaffirmed our purpose with clarity and conviction:

To be a catalyst for women's economic empowerment by delivering inclusive and responsible financial services, complemented by community engagement that fosters long-term resilience and sustainable livelihoods.

Strategies Powering Our Resurgence

Our progress was not incidental, it was engineered through deliberate and disciplined strategy.

- **BEL Score (Risk-Based Pricing):** A robust underwriting model aligning pricing with risk, improving portfolio quality at the point of origination.
- **Dynamic QR for Collections:** Enhancing transparency, reducing fraud risk, and strengthening borrower trust.
- **Belstar App (formerly Samrithi):** Driving digital collections, improving transparency, reducing costs, and deepening customer engagement.
- **Expansion into Gold Loans:** Leveraging the expertise of Muthoot Finance to diversify offerings across key southern markets.
- **IRDAI Corporate Agent License:** A strategic milestone enabling insurance distribution, enhancing borrower protection, and creating fee-based income streams.

> **"We did not just survive the storm, we learned to build better ships."**

Looking Ahead

As we step into FY 2026–27, we carry forward the lessons of resilience and the momentum of a team that refused to give up.

Our ambition is clear: to be among the Top 3 MFIs in India by 2030, while sustaining our double bottom line. The mountain ahead is higher, and the team has shown they are stronger, sharper, and more united than ever.

With a clear strategy, growing technological strength, and strong support from our promoters, Board, and stakeholders, we are confident of scaling with discipline, deepening impact, and delivering long-term value.

My sincere gratitude to the Board of Directors, Investors, Bankers, Rating Agencies, Regulators and State Governments for their continued guidance and support.

To my colleagues, your resilience, discipline, and dedication in the field are the heartbeat of Belstar. Every number in this report reflects your effort. To our borrowers, the women entrepreneurs and families across India who trust us-your belief inspires our purpose and defines our responsibility.

Together, we are not just lending money. We are lending hope. And together, we will continue building futures.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. K. Venkataraman, Chairman & Independent Director

Mr. J. Balakrishnan , Whole Time Director & Chief Executive Officer

Mr. V.A. George, Independent Director

Mr. Chinnasamy Ganesan, Independent Director

Mrs. Rajeswari Karthigeyan, Independent Director

Mr. V.A. Prasanth, Independent Director

Mr. K.R. Bijimon, Non-Executive Director

Mr. George Alexander, Non-Executive Director

Mr. George M Jacob, Non-Executive Director

Dr. Kalpanaa Sankar, Non-Executive Director

Mr. C.V. Sankar, Non-Executive Director

Mr. Vijay Nallan Chakravarthi, Non-Executive Director

Mr. Emil Sierczynski, Non-Executive Director

CHIEF FINANCIAL OFFICER
Mr. L. Muralidharan

COMPANY SECRETARY
Mr. Sunil Kumar Sahu

SECRETARIAL AUDITORS
KSR & Co company secretaries LLP

HOLDING COMPANY
Muthoot Finance Ltd

INVESTORS

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

BANKERS & FINANCIERS

- Axis Bank Limited
- Bajaj Finance limited
- Bandhan Bank Limited
- Bank of Bahrain and Kuwait B.S.C
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- CSB Bank Limited
- Canara Bank
- DBS Bank India Limited
- DCB Bank Limited
- Equitas Small Finance Bank
- HDFC Bank Limited
- Hongkong And Shanghai Banking Corporation Limited (HSBC)
- ICICI Bank Limited
- IDBI Bank Limited
- IDFC First Bank Limited
- Indian Bank
- IndusInd Bank
- Karnataka Bank
- KB Kookmin Bank
- Kotak Mahindra Bank Limited
- Nabkisan Finance Limited
- Piramal Finance Limited
- Punjab & Sind Bank
- RBL Bank Limited
- SBM Bank (India) Limited
- Small Industries Development Bank of India (SIDBI)
- South Indian Bank
- Standard Chartered Bank
- State Bank of India
- The Federal Bank Limited
- UCO Bank
- Yes Bank Limited

Registered Office:
4/14, M V Square, Soundarapandian Street, Ashok Nagar,
Chennai – 600083, Tamil Nadu, India
CIN: U06599TN1988PLC081652

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BOARD OF DIRECTORS

Krishnamoorthy Venkataraman
Chairman & Independent Director

Mr. J Balakrishnan
Wholetime Director & Chief Executive Officer

V. A. George
Independent Director

Chinnasamy Ganesan
Independent Director

Rajeswari Karthigeyan
Independent Director

V. A. Prasanth
Independent Director

K.R. Bijimon
Non-Executive Director

George Alexander
Non-Executive Director

George M Jacob
Non-Executive Director

Dr.Kalpanaa Sankar
Non-Executive Director

Mr. C.V.Sankar
Non-Executive Director

Vijay Nallan Chakravarthi
Non-Executive Director

Mr. Emil Sierczynski
Non-Executive Director

MANAGEMENT TEAM

Mr. J Balakrishnan
Wholetime Director &
Chief Executive Officer

Muralidharan L
Chief Financial
Officer

Dhanasekaran S
Chief Technology
Officer

Ravindran P S
Head
Human Resources

Mr. Narayanamurthy A Y
Chief Risk Officer

Chandramouleeswaran S
Head
Audit

Sunil Kumar Sahu
Company Secretary

Mr. Banabihari Panda
Chief Compliance Officer

OUR PROMOTERS

Muthoot Finance

Sarvam Financial Inclusion Trust

Dr. Kalpanaa Sankar

OUR INVESTORS

AFFIRMA CAPITAL

MAJ INVEST

GEOGRAPHICAL OUTREACH

AWARDS

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

Ranked among **Top 50 of India's Best Workplaces™** in BFSI

Recognized as a **'Great Place to Work®'** for the 3rd Consecutive Year.

Skoch Award (Silver) in Recognition for Empowering Financial Inclusion Through Omnichannel Repayment Initiative

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

ISO/IEC 27001:2022 Certified Information Security Management System

PRODUCTS AND SERVICES

At Belstar, we are committed to enhancing the quality of life of women by empowering them at the grassroots level and fostering inclusive community development. Our credit portfolio is thoughtfully designed to address the evolving financial needs of rural and semi-urban households from enterprise creation and growth to seasonal and emergency requirements.

All lending products are governed by robust product-level policies and comprehensive Standard Operating Procedures (SOPs) approved by the Board of Directors. While expanding our lending offerings through Individual Loans (IL), we continue to maintain our microfinance focus and prudent risk management practices by ensuring Non-Qualifying Assets remain below 40% of overall AUM.

List of Microfinance Products

Loan Product	Loan Amount	Tenure
Micro Enterprise Loans (MEL)	₹50,000 to ₹1,50,000	12 to 36 months
Business Enhancement Loans (BEL)	₹30,000 to ₹40,000	Fixed at 24 months
Education Loans	₹20,000 to ₹50,000	Fixed at 24 months
Festival Loans	₹10,000 to ₹20,000	Fixed at 12 months

Core Credit Product Portfolio

Micro Enterprise Loans (MEL): Micro Enterprise Loans (MEL): Designed to support micro-entrepreneurs in expanding their businesses and enhancing income generation.

Business Enhancement Loans (BEL): Designed to support established enterprises in scaling operations and strengthening business growth.

Education Loans: Enabling Belstar customers to access timely financial support for their children's primary and foundational education expenses.

Festival Loans: Enabling enterprise borrowers to access timely funds during festivals, supporting seasonal needs with ease and convenience.

Proactive Customer Services

Belstar operates a dedicated customer service call center designed to optimize client engagement through balanced inbound (reactive resolution) and outbound (proactive service offers and reminders) touchpoints. This ensures seamless communication, allowing us to connect with clients proactively during crisis situations rather than waiting for grievances to escalate.

Insurance: A Vital Safety Net for Our Clients

In Financial Year 2025-26 (FY26), Belstar Microfinance sustained its commitment to securing the livelihoods of our clients and their spouses through comprehensive life insurance coverage. Belstar Microfinance Limited has been awarded a Corporate Agency Licence to distribute Life and Non-Life insurance products, enabling the organisation to provide tailored protection solutions aligned with the needs of its clients. These customised insurance offerings serve as a critical safety net, helping families navigate unforeseen emotional and economic challenges while protecting their livelihoods and sustaining their micro-enterprises.

To deliver this seamless protection, Belstar partnered with leading insurance providers during the fiscal year.

Claims Operations & Digital Transformation

Building on the end-to-end automation of our claims workflow initiated in recent years, our technology infrastructure has successfully locked in a 10-day reduction in Turnaround Time (TAT). This operational efficiency drastically reduces the administrative burden on our field staff while ensuring rapid relief reaches beneficiaries when they need it most.

Reported Incidents: 14,567 claims during the fiscal year

Successfully Settled: 13,665 claims resolved and paid out

Financial Literacy & Client Support

Belstar prioritizes proactive client education, conducting mandatory briefings on insurance benefits and claims procedures before any loan disbursement. Furthermore, our field teams and Head Office insurance unit run regular financial literacy campaigns across all branches. This constant vigil ensures that beneficiaries at the grassroots level understand their rights and can confidently navigate the claims process, leading to a win-win outcome of optimized corporate operations and accelerated payouts for our clients.

Impact in Focus: Life Insurance Case Study

Member: Ms. Lizzy

SHG & Location: Elakolloor 1 SHG, Koodal

Business: Tailoring Enterprise (Daily Income: ₹300)

Financing: ₹40,000 Business Loan from Belstar Microfinance Ltd.

Following the tragic passing of her nominee and primary family support due to a heart attack, Ms. Lizzy received a Sum Assured of ₹45,000 from Kotak Life Insurance. As a mother of three—with two children employed and one still pursuing education-the payout served as vital stabilizer capital. Ms. Lizzy fully reinvested the insurance amount into her tailoring business, ensuring uninterrupted operations and securing a sustained source of long-term income for her family.

Hospicash Insurance: Mitigating Health Risks

Through strategic partnerships with non-life insurance companies, Belstar offers the Hospicash Policy to help vulnerable households manage the financial impact of medical emergencies. Designed specifically for clients at the bottom of the pyramid, Hospicash provides a fixed daily cash benefit during hospitalization, helping offset income loss faced by daily wage earners and micro-entrepreneurs.

Product Features

- Proportional Benefits: Payouts are calculated based on the duration of hospitalization and the specific premium tier selected.
- Intensive Care Cover: Daily benefits automatically double if the insured client is admitted to the Intensive Care Unit (ICU).
- Comprehensive Family Extension: The policy features competitive pricing and can be extended to cover the entire immediate family.
- Fully Digitized Workflow: The entire claims cycle operates online, simplifying documentation for diverse medical admissions ranging from routine viral fevers and joint pain to complex neurological cases like brain hemorrhages.

During FY26, Belstar successfully distributed around 20,000 Hospicash policies across 19 states.

Impact in Focus: Hospicash Case Study

Policyholder: Mrs. Lad Kunwer

Branch & Region: Alot Branch, Ratlam Region

Coverage: 10-Day Hospicash Policy

Eight months after enrolling in the policy, Mrs. Lad Kunwer was hospitalized due to a severe fever. Following her discharge, she seamlessly submitted her medical records and discharge summary to the Belstar Alot Branch. The entire verification and final submission cycle was completed within 17 days. A claimed insurance amount of ₹9,000 was credited directly to her bank account, providing her family with the necessary liquidity to cover post-hospitalization treatment and essential medicines without dipping into their business capital.

GOLD LOAN

More than 60% of our population reside in Rural India, holding a large portion of the country's gold stock yet they remain underserved by formal credit. Limited access to credit facilities continues to hinder rural households from investing in their businesses, education, and healthcare. As a result, gold sits in homes as wealth but rarely gets converted into opportunity. Belstar, with the able guidance of its promoter the Muthoot Finance, leveraged this opportunity and strategically established its Gold Loan Division in underserved rural and semi-urban markets to bridge this financial gap.

The Gold Loan Division was launched during the year with the same high standards of service, supported by a robust 7-layer branch security framework. We aim to reach untapped markets and offer a reliable alternative to informal lending, ensuring access to financial services that are both safe and convenient.

This expansion is further aligned with the Reserve Bank of India's revision reducing the qualifying asset threshold for NBFC-MFIs from 75% to 60%, presenting a timely opportunity to diversify our portfolio. Our gold loan services are currently operational across 81 branches in Tier 2 and Tier 3 cities across Andhra Pradesh, Telangana, Karnataka and Tamil Nadu.

As at March 31, 2026, the gold loan portfolio stood at ₹1,589.14 Mn, representing approximately 1.93% of the total Assets Under Management (AUM), reflecting our steady progress in building a robust and secured lending vertical.

(As on 31st March 2026)

81
Branches

AUM
₹1,589.14 Mn
Gold Loan Portfolio

1.93%
Contribution to Total AUM

7-Layer
Branch Security Framework
Ensuring safe and reliable gold loan services

MSME

Micro and Small Enterprise Loan (MSEL)

Overview

We continue to empower the MSME sector by enabling small businesses with accessible financial solutions that support growth, resilience, and sustainable livelihoods. Our presence across 117 branches in 11 states and 1 Union Territory strengthens our commitment to fostering entrepreneurship and local economic development.

MSME –Small Enterprise Loans (SEL): Small Enterprise Loans are designed to support growing small businesses with the capital required to expand operations and manage working capital needs. These loans shall be extended as Individual Loans, enabling micro-entrepreneurs to scale their enterprises, enhance their livelihoods, and generate employment opportunities within their communities. With a loan range of ₹75,000 to ₹3,00,000 and a flexible tenure of 24 to 36 months, MSEL provides structured, accessible financing to enterprises across the trader, agri-allied, service, and manufacturing segments.

Sectorial Contribution

46%
Agri-Allied

28%
Traders

21%
Service

6%
Manufacturing

Loan Product	FY 23-24	FY 24-25	FY 25-26
No of loans disbursed	33,551	25,883	25,085
AUM (₹ in Cr)	519.11	507.24	484.78
No of branches	91	117	117
Avg Ticket Size (₹ in Lakhs)	1.38	1.35	1.42
No of Customers	51,503	58,084	54,410

CUSTOMER CENTRICITY

Belstar holds the Gold level certification of Client Protection by MFR, reaffirming our commitment to rigorous financial practices prioritize our clients in every decision

This certification is a recognition of Belstar's sustained commitment across eight areas of client protection:

Customer Grievance Redressal Cell

At Belstar, every customer interaction is an opportunity to build trust. Our Customer Grievance Redressal Cell ensures prompt and effective resolution of client concerns at every touchpoint.

During FY 2025–26, we received 761 complaints and resolved 785 complaints including the 30 complaints pending as on 01 April 2025 with only 6 complaints pending resolution as on 31 March 2026. All 47,626 calls received on our Toll-Free Number 1800 102 7049 were answered without exception.

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

CASELETS

Threads of Strength - Khairunabi's Journey to Financial Freedom

Belstar Microfinance Empowers Khairunabi's Journey

Mrs. Khairunabi from Hubbali began her garment business from the walls of her own home during the COVID-19 pandemic, with an initial stock of 100 pieces of dresses and sarees - a modest start, driven by quiet determination.

Seeking financial support to grow her venture, she approached Belstar Microfinance Limited, which sanctioned her a loan of ₹50,000. She utilised the funds responsibly , expanding her stock, building her customer base, and constructing a dedicated 400-square-foot workspace to give her business a firm foundation.

Her efforts bore fruit steadily. Over time, her growing income enabled her to fulfil cherished family milestones, marrying off her two children and expand further by opening an additional garment shop. Now, she operates two garment shops with a combined monthly profit of approximately ₹40,000.

Today, Khairunabi lives a fulfilled life with her children and grandson. She expresses her heartfelt gratitude to Belstar Microfinance Limited whose support helped her grow, diversify, and stand truly independent.

Her story is not just about two shops - it is about what becomes possible when the right door opens at exactly the right time

Lighting Pathways to Livelihood: Empowering Women through Agarbatti Enterprise

In July 2025, Belstar Microfinance, in partnership with Hand in Hand India, conducted a two-day agarbatti-making skill development programme at its Karandighi branch in Uttar Dinajpur, West Bengal. The initiative aimed to empower 21 women Self-Help Group (SHG) members, most of whom were homemakers, by equipping them with skills to build sustainable, home-based livelihoods.

Prior to the intervention, the participants had limited access to income-generating opportunities despite actively managing their households. The training served as a gateway to economic inclusion, providing end-to-end knowledge of agarbatti production-from raw material preparation and rolling techniques to drying, finishing, and packaging. In addition, participants were introduced to hygiene standards, quality control, safety practices, and basic business concepts such as costing, pricing, and marketing, enabling them to view the activity as a viable micro-enterprise.

The transition from learning to enterprise was swift and encouraging. Immediately after the training, nine women ("Didis") took the initiative to begin small-scale production, supported by SHG loans facilitated through Belstar. With an initial investment of ₹1,200, each entrepreneur produced approximately 3,000 incense sticks (around 150 packets) in the first month. Selling at ₹15 per packet, they generated a gross revenue of ₹2,250 and achieved a net income of ₹1,050.

This marked a significant shift from irregular wage dependency to self-driven, home-based income generation. The additional monthly income of ₹1,000 – ₹1,200 has enhanced household financial stability and created a dependable livelihood source.

Beyond economic impact, the programme has led to meaningful social transformation. The women have emerged as confident earners and aspiring entrepreneurs, gaining recognition within their communities. Their success has created a ripple effect, inspiring the remaining participants to explore similar ventures and strengthening the collective spirit of entrepreneurship.

The participants sum up their journey with a powerful message:

"If we can roll agarbattis with our own hands and earn, we can also shape our future with our own strength."

This initiative highlights the transformative potential of targeted skill development, access to microfinance, and community-based support systems. It reaffirms Belstar Microfinance's commitment to enabling women to start small, build sustainable livelihoods, and progress towards financial independence, thereby building long-term economic resilience and community empowerment.

From Aspiration to Enterprise: Mita Pandit's Journey of Empowerment

Mita Pandit, a member of the Bhorer Alo Self-Help Group in Daspur, West Bengal, has transformed her life through Belstar Microfinance's CSR initiative implemented in partnership with Hand in Hand India. Once a homemaker with limited income opportunities, Mita aspired to build a sustainable livelihood and contribute meaningfully to her family's financial stability.

Her journey began when she was selected to participate in a soap-making skill development program supported by Belstar. The training equipped her with technical and entrepreneurial capabilities, including the production of herbal soaps using natural ingredients such as neem, aloe vera, and tulsi. Beyond product creation, the program covered essential aspects such as hygiene standards, branding, packaging, costing, and market linkage strategies.

Empowered with these skills and supported by a loan through her Self-Help Group, Mita invested in raw materials and basic equipment to begin production from her home. In her very first month, she produced 200 soap bars, generating revenues of approximately ₹5,000 and a net income of ₹1,800.

Encouraged by positive feedback from her local community, Mita steadily scaled up her operations. She enhanced product quality, refined her packaging, and expanded her customer base. Over time, her herbal soaps gained recognition in local markets for their natural ingredients and consistent quality.

Today, Mita has transitioned from a dependent homemaker to a confident micro-entrepreneur, making a meaningful contribution to her household income. Looking ahead, she aspires to launch her own brand, participate in fairs and exhibitions, and train other women from Self-Help Groups to create a collective enterprise.

Mita's journey is a powerful testament to the impact of skill development, access to finance, and sustained mentorship. Her story reflects Belstar Microfinance's commitment to empowering women to achieve financial independence and become catalysts of change in their communities.

From Cart to House Full

Belstar Microfinance Empowers Uma Shirur's Journey

Not every dream starts with resources , some start with resolve, and the right hand extended at the right time.

Ms. Uma Shirur, a homemaker from Navalagund village, Dharwad District, Karnataka, bore the responsibility of a family of five with no steady income and no access to formal financial systems. Like countless women in rural India, her ambition had no avenue.

Belstar Microfinance Limited became that avenue.

With an initial loan of ₹30,000, Belstar extended not just financial support, but the confidence Uma needed to take her first step. She began with a modest food cart, serving quality meals, earning customer trust, and reinvesting every rupee with purpose

As her resolve grew, so did Belstar's support. With continued financial assistance and guidance over the years, Uma's humble food cart evolved into a permanent hotel with a seating capacity of 10 running at full occupancy, a reflection of consistent quality and community trust.

Over nine years, Uma has maintained an impeccable repayment record with Belstar, a testament to her financial discipline and the strength of a partnership built on trust.

Today, the hotel generates a daily turnover of approximately ₹5,000. After deducting all operational expenses, Ms. Uma Shirur earns a net daily profit of around ₹3,000, which has significantly improved her family's financial stability. This steady income allows her to confidently manage household expenses, fund her children's education and support her family of five members. Beyond financial independence, her business has given her confidence, dignity, and recognition within the local community.

Ms. Uma Shirur expresses her heartfelt gratitude to Belstar Microfinance Limited, acknowledging that the organization's timely financial support, trust, and encouragement helped transform her small dream into a sustainable livelihood.

This success story clearly demonstrates that microfinance is not just financial assistance but a powerful tool for empowerment. By supporting grassroots entrepreneurs like Ms. Uma Shirur, microfinance institutions continue to build inclusive growth, self-reliance, and lasting social impact.

Her journey from uncertainty to self-reliance is not just her story - it is what Belstar stands for.

HUMAN CAPITAL

FY 2025–26 was a defining year that demanded resilience, adaptability, and unwavering commitment from every member of the Belstar family. As we navigated our path back to profitability, it became clear that our greatest strength was not strategy alone-but the people who brought it to life.

Belstar's resurgence has one author: its people.

When the year tested us, our employees turned challenges into opportunity. They recalibrated. They rebuilt. They rose stronger.

Every disbursement closed, every collection achieved, and every customer relationship strengthened in FY 2025–26 carries their imprint-guided by our core values. These values shaped a workplace where employees are equipped to perform, supported to grow, and recognised for their contributions.

The result reflects the strength of this culture. For the third consecutive year, Belstar earned the **Great Place to Work® Certification** and, for the second time, secured a place among **India's Top 50 Best Workplaces™ in BFSI and Top 5 in India's Best Workplaces™ in Microfinance**, underscoring our commitment to an inclusive and employee-centric environment.

Driving Accountability and Participation

Belstar's culture of accountability is built on structured platforms that connect every level of the organisation-from leadership to the field.

Captain's Call, our monthly forum, brings teams together on a single platform to align performance with organisational goals and set a clear direction.

This spirit of participation extends to how employees shape the way Belstar works. The "Your Ideas Matter" initiative, focused on cost optimisation and process innovation, invited employees across levels to contribute ideas for efficiency and improvement. The campaign received an overwhelming response, with over 4,100 submissions. The most impactful ideas were recognised, implemented, and rewarded-reinforcing a culture of ownership from within.

At Belstar, meaningful communication goes beyond sharing ideas-it ensures employees receive the support they need when challenges arise. Strengthening this commitment, the HR Help Desk provides a dedicated platform for employees to raise queries and concerns through a six-day service model, enabling timely resolution. During the year, we resolved all the 121 employee queries received on our HR Help Desk and were resolved within five days.

As employees drove Belstar's resurgence, the organisation strengthened the ecosystem that enables them to thrive. Benefits of Role- and grade-based benefits including fuel reimbursement, mobile reimbursement, BYOD support, defray benefits, and staff loans were given.

In recognition of the role employees played in the year's turnaround, Belstar reworked its incentive structure, sharpening it to reward performance and ensuring timely, hassle-free payouts, a direct acknowledgment that the resurgence was earned on the ground.

Health and protection benefits complement this ecosystem. All employees and their dependents are covered under Group Medical Insurance and individual Group Term Insurance. We care for our employees and conducted Annual Health, along with Eye Camps, Blood Donation Drives, and Health Awareness Programs on Yoga, Diabetes, Hypertension, and Women's Health.

Benefits sustain employees. Growth and engagement keep them connected.

Belstar's Learning & Development initiatives are designed to equip employees across branches and the Head Office to perform at their best. During FY 2025–26, 121 training sessions were conducted, covering 5,499 new joiners across induction, field capability, leadership development, and senior management certification programs.

For Head Office teams, outbound training programs were conducted to build cross-functional collaboration, strengthen trust in leadership, and build a more cohesive and confident workplace culture.

Employee engagement remained a key focus throughout the year, including the Annual Sports Meet in Mysore, Yoga Week, an HR Workshop, Women's Day celebrations, Rewards & Recognition programs, the Kudos peer recognition platform, and festive celebrations such as Pongal, Onam, Navaratri, Independence Day Quiz, Children's Day, Diwali, Christmas, a Potluck Lunch, and outbound support

activities, together reinforcing a culture of appreciation, accountability, and inclusion.

This commitment to employee experience extended seamlessly to moments of organisational change. The rollout went beyond new employee identity cards to include refreshed branding, updated signages, and standardized communication templates across the organisation, executed within a short span. This initiative reflected strong coordination, agility, and execution excellence.

Workforce Composition

Belstar's resurgence was powered by a workforce as diverse as the communities we serve. Our commitment to women's empowerment extends beyond the customers we support and is strongly reflected within our own organisation.

With significant representation of women employees across functions, including field roles, we are proud to be among the leading MFIs in India in terms of women workforce participation, reinforcing our commitment to building an inclusive and empowered workplace.

Building the Talent Pipeline

Belstar's hiring strategy is rooted in two priorities: local connect and fresh talent. Field operations prioritize local hiring, drawing from the communities we serve to deepen community connect and improve service delivery.

Through our Campus to Corporate program, we remain a preferred destination for fresh graduates from leading educational institutions, bridging the gap between academia and industry and offering them a meaningful start to their careers.

We also emphasise internal growth for our staff and all mid-level managerial positions were filled through Internal Job Postings, with promotions driven by structured assessments and performance reviews on our HRMS platform.

Digitalisation and Communication

We continue to make advancement into our digitalisation of HR process, with Workline continuing to serve as a unified platform not limited to only pay slips or attendance but serving as an important communication tool for our employees. Geo fencing attendance and Bio Metric deployment across our divisions, paperless travel claim processing, digital hosting of training modules through the Learning Management System and integration of Alumni Portal to strengthen our engagement with former employees.

To keep our last mile employee updated on the happenings of the company, we continue to circulate newsletters quarterly for MFI and daily for Gold Loan division. Through internal platforms, focus group discussions, HRMS tools, and employee surveys, Belstar extended communication to every employee, with vernacular language support wherever required.

A strong people framework is supported by robust HR governance at Belstar, with active enforcement of POSH, Whistleblower & Vigil Mechanism, and Staff Grievance Redressal policies. Key HR KPIs, including Attrition Rate, Time to Hire, Training Coverage, and Engagement Score, are tracked through structured reviews, enabling continuous improvement across our people practices .These practices strengthen the foundation of trust, fairness, and transparency that enables our employees to build meaningful careers at Belstar.

A career at Belstar is built to start strong, grow with purpose, and create a memorable journey to the next level. It is this belief that powered our resurgence, and this same belief that will carry us forward.

Empowered people. Stronger communities. Sustainable growth

As of March 31, 2026, Belstar's workforce

No.of employees
11,514

No.of Female employees
2,109

No.of Male employees
9,405

% of women workforce in field
17.99%

Employees Availed Parental Leaves;
378

Long Term Employees

5 yrs	10 yrs	15 yrs
1049	76	95

Young Workforce
18-35 yrs - 82%

LEARNING & DEVELOPMENT

The Learning & Development (L&D) function continued to play a strategic role in strengthening organizational capability, enhancing employee effectiveness, and supporting business growth during FY 2025–26. The year focused on fostering a culture of continuous learning through structured capability-building initiatives, leadership development programs, digital learning expansion, and operational excellence interventions across the organization.

With a strong emphasis on employee development and business alignment, the L&D function expanded learning interventions across regions while improving learning governance, standardization, and training effectiveness.

Key Accomplishments

1. Capability Building & Business Support

Multiple learning interventions were conducted during the year to enhance employee capability, operational consistency, customer engagement, and process effectiveness. Key programs included Common Induction, Role-Based Training, Branch Refreshers, BEL Score & Colour Coding, Compliance and Risk Education (CARE), Product & Process and Best Practices in Collection programs.

The L&D function facilitated over 15,000 learning participations through classroom and virtual learning interventions. These programs contributed to improved process alignment, service delivery, and business execution across functions and regions.

2. Leadership Development & Managerial Effectiveness

Managerial capability development remained a key focus area during the financial year. Focused interventions were conducted for Branch Managers, Regional Managers, and Regional HR teams to enhance decision making, team management, business ownership and people management effectiveness.

Programs such as and RM Performance & Culture Transformation, BM Excellate Workshop were conducted to reinforce a strong performance culture across the organization.

3. Digital Learning & Learning Innovation

The organization continued to strengthen digital learning initiatives through Workline, the Learning Management System (LMS), enabling employees to access learning content, compliance programs, certifications, and self-paced learning resources through a centralized platform.

Soft Skills learning modules were launched on Workline to enhance communication, behavioural, and interpersonal effectiveness while encouraging continuous learning.

During the year, Belstar Pulse, a weekly newsletter, was introduced to share organizational updates, operational learnings, best practices, and business insights across teams.

4. Culture, Ethics & Compliance Focus

The L&D function continued to reinforce organizational values, ethical practices, and employee awareness through mandatory learning interventions covering POSH, Cyber Security, Code of Conduct, and Culture & Values.

Focused programs on Ethical Collection Practices and Fair Practice Code were also conducted to promote responsible business conduct, customer-centric operations, and regulatory awareness across the organization.

5. Operational Efficiency & Cost Optimization

The L&D function optimized training expenditure through improved planning, effective utilization of internal capability, resulting in cost efficiencies during the financial year.

This approach enabled wider accessibility to learning interventions while ensuring effective resource utilization across regions.

Way Forward

As the organization moves forward, the Learning & Development function will continue to focus on building a future-ready workforce by enhancing learning accessibility, leadership capability, operational excellence, and employee engagement across functions.

Key focus areas for FY 2026–27 include:

- Enhancing role-based capability development programs to improve employee readiness, process effectiveness, and business performance across all levels.
- Expanding learning accessibility through a blended approach comprising classroom programs, field interventions, digital learning, and self-paced learning initiatives.
- Introducing focused leadership development initiatives to enhance people management capability, and leadership succession.
- Increasing focus on practical learning application through field coaching, refresher interventions, manager-led reinforcement, and on-the-job learning support.
- Promoting employee awareness around organizational values, ethics, compliance, customer-centricity, and responsible business practices.
- Improving learning governance through standardized content, structured learning frameworks, and periodic review mechanisms to ensure consistency and effectiveness.
- Encouraging a culture of continuous learning through self-development, knowledge sharing, and employee participation in learning initiatives.

By aligning learning initiatives with organizational priorities, the Learning & Development function remains committed to creating meaningful learning experiences that contribute to employee growth, business performance, and long-term organizational success.

INTELLECTUAL CAPITAL

Bringing Fintech to the doorsteps of the Under Banked

Key KPIs – FY 25 26

1 millions customers on boarded digitally

₹3,850 cr in Digital Collections

Deployment of CFSS software for **Gold Loan**

AI & ML Adaptation in Customer Risk & Collection Strategy

eSign completed for **0.82 millions** loan documents

Digital Transaction Reconciliation System (DRS

IT & Cyber Security Initiatives

ISO/IEC 27001

Belstar has deployed a new Gold Loan Core Financial Services Solution (CFSS) to handle our new Gold Loan business vertical. This modern & highly sophisticated API driven system helped to rapidly support all our newly launched Gold Loan branches across PAN India seamlessly.

We have rolled-out a Digital Transaction Reconciliation System(DRS) to reconcile all digital repayments made by our customers in near real-time to enhance the effectiveness of our Multi Channel Digital Eco-system as a leader in Digital Collections in MFI sector in India.

Our AI & ML initiatives have helped to analyze various risks associated with Customers and demographics to overcome any potential risks & challenges. A comprehensive collection strategy has been developed based on the historical collection patterns which helped us to increase our collection efficiency. Our Prediction dashboards helped us to realign our day-to-day operations with more agility.

We continue to invest in our core infrastructures and enhanced our IT & Cyber security capabilities to protect our customer's data and information. Our high performing core enterprise applications offers much required stability for our organization to perform day-to-day operations without any interruptions.

We are happy to announce that we have obtained the ISO 27001:2022 certificate. This certification highlights our commitment in following the highest global standards for Information Security Management Systems (ISMS). Also exhibits our efforts in preventing data breaches, protection of critical IT assets and meet all required regulatory compliance requirements.

Initiatives	Benefits
CFSS for Gold Loan Lending	✓ Sophisticated micro services based CFSS software to replace legacy MSME lending software ✓ Offered better Credit Underwriting with API integrations
Real-time Digital Transaction Reconciliation System	✓ Centralized real-time reconciliation for all Digital transactions – Samrithi Customer App, WhatsApp, QR Collections ✓ Offered real time settlement status for our branches to provide better customer service
AI & ML Adaptation in Customer Risk & Collection Strategy	✓ AI based Customer risk analysis, Collection Analysis ✓ Infographic Dashboards for real-time monitoring ✓ Comprehensive Collection Strategy & execution
IT & Cyber Security Initiatives	✓ Newer solutions to enhance the IT & Cyber Security the IT & Cyber Security capabilities.
ISO 27001:2022	✓ Global certificate endorses IT's expertise in protecting customer's data and organization's data by following international standards and best practices.

RISKS

Building a Resilient and Future-Ready Risk Culture

At Belstar, Risk management continues to evolve as a strategic enabler of sustainable growth, operational resilience, and responsible finance. Our approach is anchored in a strong governance framework, proactive risk identification, and technology-enabled monitoring mechanisms that strengthen decision-making across the organization. Risk management is deeply embedded into everyday business operations and remains a collective responsibility shared across all levels of the institution.

During FY25–26, Belstar further improved its Governance architecture through enhanced risk assessment methodologies, digital transformation initiatives, and advanced analytics-driven monitoring practices. Our risk management framework remains aligned with regulatory expectations, business strategy, and emerging industry dynamics, enabling the organization to remain agile in a rapidly evolving operating environment.

Governance and Risk Oversight

The Risk Management Committee (RMC), of the board, continues to provide strategic oversight on key risk domains including:

- Credit Risk
- Liquidity Risk
- Interest Rate Risk
- Operational Risk
- Fraud Risk
- Compliance & Regulatory Risk
- Information & Digital Risk

The organization follows a structured governance mechanism supported by Board-approved policies, standardized operating procedures, and periodic risk reviews. Risk monitoring and escalation frameworks are continuously strengthened to ensure timely identification, assessment, and mitigation of emerging risks.

Multi-Tiered Risk Control Architecture

Belstar's risk management framework operates through a multi-tiered control architecture comprising organizational, business, and transaction-level controls to ensure comprehensive risk oversight across operations.

- Organizational Level Controls: Board-approved policies, governance frameworks, and regulatory compliance mechanisms support strategic risk oversight and ethical business practices.

- Business & Product Level Controls: Exposure monitoring, geographic diversification, and centralized underwriting processes strengthen portfolio quality and concentration risk management.
- Transaction Level Controls: Robust KYC, PMLA, customer due diligence, de-duplication checks, underwriting by using BEL Score (Risk scoring model) and field verification processes support fraud prevention and transaction authenticity.

Gold Loan Risk Governance

During the year, Belstar forayed into secured lending segment through the establishment of dedicated Gold Loan branches as part of its portfolio diversification strategy. The business is supported by a specialized technology partner, standardized appraisal and verification mechanisms, and a robust 7-layer branch security framework designed to enhance customer gold security, operational integrity, and transaction safety while maintaining high standards of risk governance and operational control. The Company continues to enhance its Gold Loan operating framework in line with evolving market practices, technology advancements, and emerging risk management requirements.

The Company continues to follow a prudent risk management approach towards Gold Loan operations through risk & audit monitoring, customer due diligence, controlled operational processes, and periodic collateral value assessments. In view of fluctuations in gold prices, margin call mechanisms are implemented to maintain adequate security coverage and mitigate collateral-related risks, thereby supporting portfolio quality and operational resilience.

Internal Capital Adequacy Assessment Process (ICAAP)

Belstar continued to enhance its Internal Capital Adequacy Assessment Process (ICCAP) framework to ensure adequate capital planning aligned with the organization's risk profile, business strategy, and growth objectives. The framework enables a forward-looking assessment of capital adequacy under normal and stressed business conditions while supporting prudent risk-taking practices.

This structured approach enhances financial stability, supports regulatory compliance, and reinforces Belstar's commitment towards sustainable and responsible growth.

Digital Risk Transformation

Belstar continued its digital transformation journey with focused initiatives aimed at enhancing operational efficiency, customer experience, and control effectiveness. Key initiatives during the year included:

- Implementation of E-sign processes to strengthen process efficiency, authentication controls, and documentation integrity
- Strengthening of digital lending risk controls through enhanced validation mechanisms and monitoring processes
- Deployment of technology-enabled risk monitoring tools (e.g Risk-360-Alerts system) to improve exception management and operational surveillance

These initiatives have contributed towards improved process standardization, reduced operational dependency, and stronger governance across digital workflows.
Risk Analytics and Intelligent Monitoring

Belstar continued to leverage advanced analytics and data-driven insights to strengthen fraud prevention, portfolio monitoring, and operational risk management. Key focus areas included:

- Employee fraud monitoring using Account Aggregator framework
- Risk-360 alerts and field-level risk observations
- State and branch-level portfolio gap identification
- Branch and regional risk reviews
- Portfolio scan and fraud monitoring mechanisms
- Hypothesis testing and analytical risk assessments

The organization's Risk Assessment Team (RAT) plays a critical role in conducting pre-disbursement risk assessments and strengthening preventive risk controls across operational processes. These assessments support early identification of vulnerabilities and improve underwriting discipline and portfolio quality.

Belstar continues to strengthen its underwriting capabilities through the BEL SCORE model, which supports customer risk assessment, disbursement decisions, and risk-based pricing. The Risk Team conducts regular model performance validations to assess score stability, portfolio behaviour, and predictive effectiveness, ensuring continued alignment with portfolio quality, business objectives, and evolving risk trends.

Account Aggregator & Financial Data Governance
Staff lifestyle analysis mechanisms were further strengthened as part of the organization's vigilance and fraud risk monitoring framework.

Operational Risk & Fraud Governance
The Special Committee of the Executives for Monitoring and Follow up cases of Frauds (SCEMF)), comprising senior management representatives, continues to oversee fraud risk governance and preventive monitoring initiatives across the organization.

The independent Operational Risk Management (ORM) function drives a comprehensive framework for identifying, assessing, monitoring, and mitigating operational risks through:

- Process-level controls
- Internal surveillance mechanisms
- Automated monitoring systems
- Risk-based reviews
- Field validation and investigation processes
- Compliance monitoring relating to KYC, PMLA, and customer due diligence requirements

Belstar remains committed to maintaining a strong ethical culture supported by zero tolerance towards intentional misconduct, regulatory breaches, and fraudulent activities.

Key Pillars of Belstar's Risk Management Philosophy

Regulatory Alignment
Continuous enhancement of policies, controls, and governance practices in line with regulatory expectations and evolving risk environments.

Preventive Risk Monitoring
Use of early warning indicators, portfolio analytics, and field observations to proactively identify and mitigate emerging risks.

Data-Driven Risk Assessment
Leveraging analytics, portfolio scans, and hypothesis testing to support evidence-based risk management decisions.
Enterprise-Wide Accountability

Embedding risk ownership and control accountability across business and support functions through structured governance mechanisms.

Operational Vigilance
Continuous Enhancement of fraud monitoring, employee surveillance, and process-level controls to enhance operational integrity and resilience.

Belstar's risk management practices continue to evolve in line with the organization's growth aspirations, regulatory expectations, and commitment to responsible finance. Through a balanced combination of governance, technology, analytics, and field-level vigilance, the organization remains well-positioned to navigate emerging risks while sustaining long-term stakeholder confidence and operational resilience.

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 (Microfinance, MSME & Gold Loan) and corporate functions like Finance, Treasury, Human Resources, Credit Operations, Compliance, Administration and ensure compliance with documented Standard Operating Procedures (SOPs) and policies.

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. The internal audit function has unrestricted access to company's records, physical properties and personnel associated with carrying out any engagement, apart from having direct access to the Audit Committee comprising of Directors and Independent Directors. The Audit Committee is updated on significant internal audit observations, compliance with statutes and effectiveness of control systems.

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: eg: specific areas such as insurance claims, customer grievances, rule engine validations for focused scrutiny.
4. Portfolio-level audit using data analysis: Utilizes data to track performance and identify potential risks.
5. Audit of outsourced activities

All branches undergo audits atleast once a quarter and subsequent audits during the quarter are based on multiple factors like previous audit risk rating, portfolio growth, collection status, nature of irregularities identified. Audit ratings (High, Medium, Low) are communicated to branch and pending compliances are expected to be closed within 15 days. Periodic audit alerts are raised to facilitate timely reporting of critical issues identified, conduct root cause analysis and undertake swift staff action if needed.

Information Security audit is carried out by third-party vendor and observations are presented to the Board and IT Steering Committee. Audit of gold loan branches specifically focusses on packet counting of gold held at branches under safe custody, checking purity of gold offered as security and ensuring efficacy of various security layers.

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, implemented its CSR initiatives during FY 2025-26 through its direct programmes and 'Community Connect Programmes', implemented by Hand in Hand India. The company channelled its CSR investments across 4 main areas namely Skill Development, Public Health, Women Empowerment & Capacity Building, and Disaster Relief, reaching over 7 lakh beneficiaries across 17 states through structured, community driven programmes focused on livelihood training, financial & digital literacy, healthcare access, enterprise development, and humanitarian aid.

Skill Development

We organised skill training programmes for SHG women across our branch network to improve livelihood opportunities and household income. The training covered a diverse range of practical, income-generating trades including Beautician & wellness services, Tailoring & Aari embroidery, Jewellery & bangle making, Soap & chemical product making, Agarbatti making, Mushroom cultivation, Food processing (papad, pickle, masala, bakery), Mehendi art & saree draping, and Paper craft & other handicrafts, tailored to local needs and market opportunities across 17 states.

The programme improved employability and entrepreneurial motivation, enabling women to start micro-businesses, gain financial independence, and participate more confidently in household and community decision-making.

Primary Health and Healthcare System

Belstar's public health initiative was conducted across 17 states. We conducted general medical camps and eye screening camps in underserved communities, providing consultations, screenings, referrals, and awareness on nutrition, maternal health, hygiene, and preventive care across Kerala, Maharashtra, Karnataka, Tamil Nadu, Telangana, Madhya Pradesh, Rajasthan, Uttar Pradesh, and other states.

In addition, dedicated Hospital Help Desks were operated at government hospitals to assist patients with registration, referrals, and access to welfare entitlements, reducing the burden on vulnerable patients seeking institutional care. The initiatives helped beneficiaries access healthcare services more easily, facilitated early detection of health conditions, and reduced the healthcare related financial burden on underserved communities.

Women Empowerment & Capacity Building

We implemented comprehensive women empowerment and capacity building programmes across Tamil Nadu, Kerala, and Karnataka to strengthen the social, financial, and entrepreneurial capabilities of SHG women and community networks. Programmes covered financial literacy, digital literacy, business motivation & entrepreneurship development, awareness on government welfare schemes, and facilitation of direct access to welfare benefits. Community Leaders' Networks were also strengthened to sustain grassroots impact.

The programmes enhanced women's confidence, leadership, financial awareness, and digital access, making them more active participants in SHGs, community governance, and household decision making.

Disaster Relief & Humanitarian Aid

Responding swiftly to flood-related distress in our operational areas, we provided timely humanitarian support by distributing grocery kits, food supplies, blankets, and hygiene materials to flood affected families across Latur, Nanded, and Solapur in Maharashtra and Jalpaiguri district in West Bengal. The relief reduced hardship, improved short term food security, and reinforced community resilience during the crisis.

Sector	Initiatives
Skill Development	800 skill training programmes for 17,430 SHG women across 17 states on diverse livelihood trades
Public Health	828 medical & eye camps + Hospital Help Desks across 17 states, reaching 4,14,839 beneficiaries
Women Empowerment & Capacity Building	Financial & digital literacy, business motivation, govt. scheme awareness & community leadership for 2,82,387 women in Tamil Nadu, Kerala & Karnataka
Disaster Relief & Humanitarian Aid	Flood relief to 583 families in Latur, Nanded & Solapur (Maharashtra) and Jalpaiguri (West Bengal)

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.

STATUTORY REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

The Indian microfinance industry underwent a significant phase of correction and consolidation during FY26 following the credit stress witnessed across the sector over the previous two years. Elevated borrower indebtedness, weakening repayment discipline in certain geographies, political uncertainties, and multiple lending exposures had led to a slowdown in portfolio growth and deterioration in asset quality. However, FY26 marked a turning point, with the sector demonstrating early signs of recovery driven by regulatory interventions, improved underwriting practices, and stronger collection efficiencies.

The industry's response to the challenges of FY24 and FY25 was characterized by a decisive shift from aggressive growth to portfolio quality, risk management, and sustainable lending practices. Financial institutions strengthened credit assessment processes, enhanced borrower-level monitoring, and adopted more disciplined lending strategies. The implementation of MFIN Guardrails and enhanced credit bureau oversight played a critical role in curbing overleveraging and multiple borrowing, thereby improving overall credit discipline across the ecosystem.

The Reserve Bank of India's revised regulatory framework for microfinance, coupled with the reduction in the qualifying asset requirement for NBFC-MFIs from 75% to 60%, has enabled lenders to diversify their portfolios and reduce concentration risks. Simultaneously, stricter borrower-level exposure norms, limits on the number of lending relationships, enhanced KYC requirements, and more frequent bureau reporting have strengthened governance standards and borrower protection measures across the industry.

During FY26, lenders remained cautious in their growth strategies, focusing on portfolio clean-up and collection efficiency improvement. As a result, the sector witnessed a gradual normalization in asset quality metrics, with delinquency levels declining steadily across most lender categories. Portfolio-at-Risk (PAR) indicators improved significantly compared to the previous year, reflecting the positive impact of tighter underwriting standards and improved borrower screening mechanisms. Industry reports indicate that credit quality has largely returned to pre-stress levels, providing greater confidence for future growth.

A notable trend during FY26 was the emergence of larger ticket-size loans and a gradual diversification of lending products. Average loan sizes increased as institutions focused on serving established borrowers with stronger repayment histories while simultaneously expanding into adjacent retail and secured lending segments. This strategic shift reflects the industry's efforts to balance growth with risk management and improve profitability through a more diversified asset mix.

The industry also witnessed increased adoption of digital technologies, data analytics, and automated credit decisioning tools. Lenders continued to invest in digital onboarding, real-time credit bureau integration, collection management systems, and customer engagement platforms, resulting in improved operational efficiency and enhanced customer experience. Technology-driven risk assessment and portfolio monitoring have become key differentiators in the evolving microfinance landscape.

As of 31 March 2026, the Indian microfinance industry demonstrated encouraging signs of stabilization after an extended period of contraction. The industry's gross loan portfolio stood at approximately ₹3.25 lakh crore, registering sequential growth during the fourth quarter of FY26 after seven consecutive quarters of decline. Quarterly disbursements reached their highest level in nearly two years, while asset quality indicators improved substantially, reflecting renewed borrower confidence and stronger portfolio performance.

NBFC-MFIs continued to remain the largest contributors to the sector and emerged as the primary growth drivers during the recovery phase. Meanwhile, banks and small finance banks adopted a more calibrated approach to microfinance lending, resulting in a gradual shift in market share toward specialized microfinance institutions.

Looking ahead to FY27, the outlook for the microfinance sector appears cautiously optimistic. Improving asset quality, strengthening collection efficiencies, enhanced regulatory oversight, and disciplined lending practices are expected to support sustainable growth. Rural economic activity, government-led financial inclusion initiatives, increasing digital penetration, and rising demand for formal credit among underserved households continue to provide strong structural support for the sector.

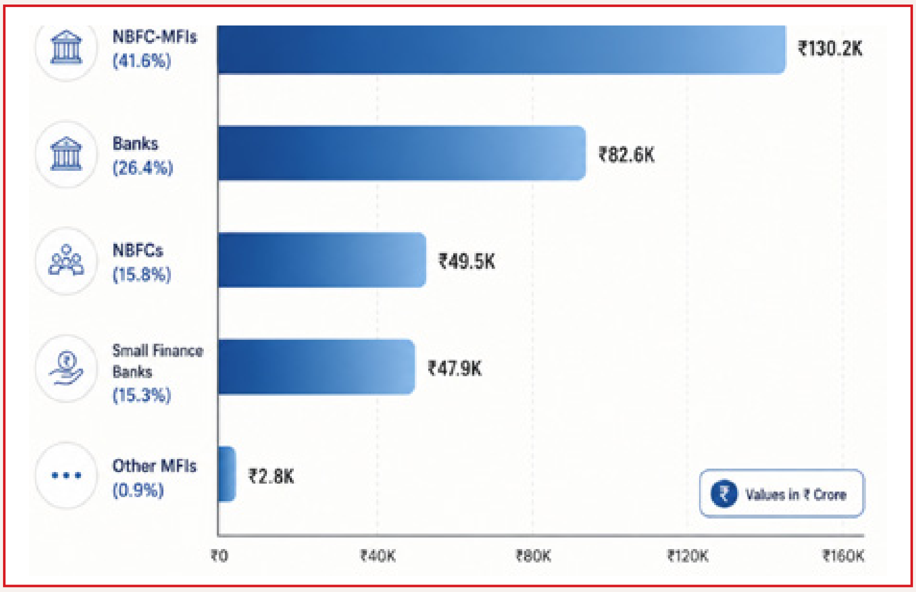
While lenders are expected to maintain prudent underwriting standards and selective growth strategies, the industry's ongoing transformation toward a more diversified, technology-enabled, and risk-conscious operating model is expected to strengthen its resilience. The long-term fundamentals of the Indian microfinance sector remain robust, positioning it to play a vital role in advancing financial inclusion, entrepreneurship, and livelihood generation across rural and semi-urban India.

Key highlights of the sector include:

1. NBFC-MFIs continue to hold the largest share of the microfinance portfolio with an outstanding loan portfolio of approximately ₹1.35 lakh crore, accounting for 41.6% of the total industry portfolio.
2. Banks hold the second-largest share with an outstanding portfolio of approximately ₹85,800 crore, contributing 26.4% of the total industry portfolio.
3. Small Finance Banks (SFBs) account for an outstanding portfolio of approximately ₹49,700 crore, representing 15.3% of the total industry portfolio.
4. NBFCs contribute approximately 15.8% of the total industry portfolio and have continued to gain market share through diversified lending models.
5. Other MFIs account for the remaining 0.9% of the industry's portfolio outstanding.

Indian Microfinance Industry Portfolio Composition - FY26

Outstanding portfolio by institution type as of March 2026 (Crore).



Indian Economic

Global economic uncertainties, including geopolitical tensions, trade disruptions, and uneven growth across major economies, may continue to weigh on India's growth prospects during 2025-26. Nevertheless, supported by strong macroeconomic fundamentals, resilient domestic demand, and prudent policy measures, the Indian economy remains the fastest-growing major economy in the world.

India's growth trajectory continues to be driven largely by domestic consumption and investment, which helps cushion the economy from external shocks. While recent geopolitical developments and border-related tensions in the region may add to near-term uncertainties, the overall economic outlook remains positive. Furthermore, the Reserve Bank of India (RBI) is expected to maintain a growth-supportive monetary policy stance, with the possibility of additional policy rate cuts if inflation remains within the target range.

Amid a challenging global environment, international agencies continue to express confidence in India's medium-term prospects. According to the latest IMF projections, India is expected to overtake Japan to become the world's fourth-largest economy in 2026 and is projected to remain the fastest-growing major economy over the next few years.

Real Gross Value Added (GVA) is estimated at approximately ₹318.21 lakh crore in FY 2026–27, compared with ₹294.91 lakh crore in FY 2025–26 and ₹273.36 lakh crore in FY 2024–25, reflecting a growth rate of around 7.9%.

Key sectors contributing to this growth include:

1. Manufacturing
2. Trade, Repair, Hotels, Transport, Communication & Services related to Broadcasting and Storage
3. Financial, Real Estate & Professional Services

These sectors have recorded robust double-digit growth at both constant and current prices during FY 2025-26, highlighting the broad-based nature of the economic expansion.

Rural demand is showing sustained improvement, supporting overall consumption, while investment activity is expected to strengthen further on the back of higher public capital expenditure, infrastructure development, and improving business confidence. Manufacturing capacity utilisation remains above its long-term average, and private sector investment intentions continue to improve.

At the same time, certain risks warrant close monitoring. Global overcapacity in sectors such as steel, evolving trade protectionist measures, supply chain disruptions, and geopolitical uncertainties could pose challenges to domestic industries. However, India's strong domestic demand, ongoing structural reforms, digital transformation initiatives, and expanding manufacturing ecosystem are expected to support sustained economic growth in the medium term.

Outlook

The real Gross Domestic Product (GDP) is projected to grow at 6.5 per cent in 2025-26, maintaining the same pace as in 2024-25. The growth momentum is expected to continue in 2026-27, supported by sustained domestic demand, steady investment activity, and supportive macroeconomic conditions.

Growth over this period is expected to be driven by buoyant rural demand, a gradual revival in urban consumption, and an uptick in investment activity supported by above-average capacity utilisation across key sectors. The Government's continued thrust on capital expenditure, particularly in infrastructure development, along with congenial financial conditions, is expected to further reinforce investment momentum through 2026-27.

On the demand side, rural consumption is likely to remain strong, supported by robust agricultural performance and favourable monsoon expectations, while urban demand is expected to strengthen further with improving labour market conditions, easing inflationary pressures, and rising discretionary spending. The outlook is further supported by expectations of an above-normal southwest monsoon, which is likely to sustain agricultural output and rural incomes.

High-frequency indicators of the services sector continue to show sustained strength, reflecting broad-based activity across trade, transport, financial services, and digital platforms. In addition, robust Goods and Services Tax (GST) collections point to continued formalisation of the economy and healthy consumption trends.

On the supply side, agriculture remains resilient, providing a stable base for rural demand, while manufacturing and services sectors continue to contribute steadily to overall growth. Manufacturing activity is expected to benefit from improving capacity utilisation and ongoing policy support, while services continue to expand on the back of strong domestic demand and digital transformation.

Overall, the combined indicators for 2025-26 and 2026-27 underscore sustained economic momentum and the resilience of the Indian economy, supported by strong domestic fundamentals, stable macroeconomic conditions, and continued policy focus on growth-enhancing investments.

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, well-capitalised, and adequately positioned to cater to the evolving financing needs of the economy, supported by sustained credit demand, healthy capital buffers, and improving operational efficiency trends observed in FY 2025–26.

Within this ecosystem, Non-Banking Financial Companies (NBFCs) and Microfinance Institutions (MFIs) continue to play a critical role in advancing financial inclusion and supporting socio-economic development in rural and underserved regions. The sector has demonstrated steady growth momentum in FY 2025–26, aided by improving collection efficiencies, calibrated underwriting practices, and increased adoption of digital lending platforms, which have collectively strengthened portfolio resilience.

As of March 31, 2026, NBFC-MFIs remain the largest providers of micro-credit in India, with a loan amount outstanding of ₹1,47,566 crore, representing 39.35% of the total industry portfolio. This underscores their continued dominance in the microfinance segment, while other institutional participants collectively account for 60.65%, reflecting a moderately diversified competitive landscape.

The segment has undergone significant structural transformation in recent years, evolving from rapid expansion-led growth to a more sustainable and risk-calibrated operating model. This transition has been marked by improved asset quality trends, greater regulatory compliance, and stronger focus on borrower-level credit discipline, thereby reinforcing sectoral stability.

Looking ahead to FY 2026–27, the industry is expected to maintain a measured yet positive growth trajectory, supported by expanding rural credit demand, deeper financial inclusion initiatives, and continued digital transformation across lending value chains. NBFC-MFIs are anticipated to grow broadly in line with industry credit expansion, with incremental growth expected to be driven by higher ticket-size diversification, cross-sell of financial products, and improved penetration in underbanked districts. The sector is also likely to benefit from stable macroeconomic conditions, easing funding constraints, and sustained policy support for priority sector lending.

Overall, FY 2026–27 is expected to reflect a phase of balanced growth with improved portfolio quality, where the BFSI sector continues to strengthen its role as a key enabler of inclusive and sustainable economic development in India.

Operational Highlights

Belstar Microfinance Limited is one of India's leading microfinance institutions, committed to advancing financial inclusion and empowering women entrepreneurs across rural and semi-urban communities. Through responsible lending and customer-centric financial solutions, we continue to support underserved households in building sustainable livelihoods and improving their economic well-being.

Belstar also marked a significant strategic milestone during the year by entering the gold loan business, further diversifying its product portfolio and strengthening its ability to meet the evolving financial needs of customers. The Company established a dedicated gold loan franchise with a separate branch infrastructure and successfully expanded its presence to 81 gold loan branches across its operating geographies. As of March 31, 2026, the gold loan portfolio stood at ₹1,589.14 million in Assets Under Management (AUM), reflecting encouraging customer acceptance and strong execution capabilities. To ensure robust governance, operational excellence, and risk mitigation, the gold loan business has been built on a comprehensive seven-layer control framework, encompassing stringent processes across sourcing, appraisal, storage, monitoring, audit, and compliance functions. This strong control architecture provides a solid foundation for the sustainable growth and scalability of the business.

The financial year 2025-26 was marked by significant challenges for the microfinance sector. Industry-wide headwinds, including customer over-leveraging, extreme weather conditions such as heat waves, election-related disruptions, evolving regulatory requirements, and elevated employee attrition levels impacted collection efficiencies and asset quality across the sector. Despite these challenges, Belstar demonstrated resilience and maintained business momentum, achieving a 3% growth in Assets Under Management (AUM) while continuing to serve its customers responsibly.

A testament to our strong governance, prudent risk management practices, and robust operating framework, CRISIL has reaffirmed Belstar's long-term credit rating at "CRISIL AA/Stable." This places Belstar among the highest-rated NBFC-MFIs in India and strengthens our ability to access diversified funding sources at competitive rates, enabling us to further expand our outreach and create lasting social impact.

As of March 31, 2026, Belstar's key business highlights include:

- Serving 1.97 million active customers across India, with a strong focus on women borrowers and financial inclusion initiatives.
- Extensive presence across 268 districts in 21 States and Union Territories through a network of 1,312 branches, ensuring deep penetration into underserved markets.
- Asset Under Management of ₹82,221.28 million, reflecting the scale and reach of our operations.
- Strong focus on the Self-Help Group (SHG) and Joint Liability Group (JLG) lending models, fostering community-based credit discipline and sustainable borrower engagement.
- One of the highest credit ratings in the Indian microfinance industry with a CRISIL AA/Stable rating, underscoring our financial strength and credibility.
- Continued emphasis on responsible lending, customer-centric service delivery, operational excellence, and long-term value creation for all stakeholders.

Belstar remains committed to its mission of fostering inclusive growth by expanding access to financial services, strengthening rural economies, and empowering millions of women to achieve financial independence and economic progress.

Financial Performance

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

- Asset Under Management increased from ₹43,659 million in FY22 to ₹82,221 million to FY 26
- Disbursements grew from ₹35,464 million in FY22 to ₹75,857 million in FY26
- Active customers increased from 1.38 million in March 2022 to 1.97 million in March 2026
- Branch network expanded from 729 to 1,312 branches between March 2022 and March 2026
- Started scaling up Gold loan operations in 3 states with total 81 branches and an AUM of 1,589.14 million.

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

Particulars	FY26	FY25	Growth
Disbursement (In Mn)	75,857	60,162	26.1% ↓
Employees (No's)	11,514	13,076	-11.9% ↑
Branches (No's)	1,312	1,281	2.4% ↑
Customer Accounts (No's)	19,65,665	25,34,955	-22.5% ↑
Balance Sheet Size (In Mn)	77,280	75,884	1.8% ↑
Loan Assets (In Mn)	82,221.28	79,695	3.2% ↑

Particulars	FY26	FY25
Total Income	18,289.77	21,249.88
Net Interest Income	10,895.91	12,738.75
Securitization/ Direct Assignment during the year	18623.42	8,765.56
Net worth	17,951.66	17,711.68
Profit After Tax	247.03	463.87
Capital Adequacy Ratio (%)	23.50	24.97
Debt Equity Ratio	3.20	3.17
Interest Coverage Ratio	1.07	1.07
Net Profit Margin (%)	1.35	2.18
Return on Total Asset (%)	0.32	0.55
Return On Equity (%)	1.39	2.65
Gross Stage 3 Assets NPA Ratio (%)	5.54	4.98
Net Stage 3 Assets NPA Ratio (%)	0.11	0.43

Key Factors Affecting Our Business and Financial Results

Growth of the Microfinance Industry: The microfinance industry continued to operate in a challenging environment during FY26, with growth remaining subdued due to elevated credit stress, cautious lending practices, and regulatory focus on portfolio quality. The sector witnessed moderation in disbursements and AUM growth as lenders prioritized asset quality over expansion, while borrower confidence was impacted by economic and localized disruptions. Although early signs of stabilization are emerging, the pace of recovery will depend on sustained improvement in collection efficiency, borrower repayment behaviour, and overall credit discipline. Our expanded branch network and strengthened workforce position us well to capitalize on the recovery as industry conditions normalize.

Loan Portfolio and Customer Base Growth: The Company's loan portfolio and active borrower base moderated during FY26, reflecting the industry's cautious approach to lending amid elevated credit stress, tighter borrower-level exposure norms, and a heightened focus on portfolio quality. Customer acquisition remained selective, particularly in geographies experiencing higher leverage and credit stress, while efforts continued to strengthen presence in relatively underpenetrated and resilient markets. The Company remains well positioned to participate in the industry's gradual recovery through its expanded geographic footprint, focus on acquiring and reactivating quality customers, and disciplined underwriting practices. As part of its risk diversification strategy, the Company also expanded into the Gold Loan business across the states of Tamil Nadu, Andhra Pradesh, Telangana, and Karnataka. By the end of FY26, the Gold Loan business had grown to 81 branches with Assets Under Management (AUM) of ₹1,589.14 million, providing a diversified and secured lending portfolio to complement its core microfinance business.

Interest Rates and Cost of Funds: During FY26, the microfinance industry continued to operate in a challenging funding environment characterized by elevated credit risk, tighter liquidity conditions, and increased focus on portfolio quality. Despite these headwinds, the Company leveraged its strong credit profile and long-standing relationships with a diversified network of banks and financial institutions to ensure timely access to funding on competitive terms.

During the year, the Company also introduced a Risk-Based Pricing framework, under which lending rates are aligned with the assessed risk profile of individual customers. This customer-centric approach enables responsible pricing by offering more competitive interest rates to lower-risk borrowers while appropriately pricing higher-risk exposures, thereby strengthening credit discipline, promoting financial inclusion, and enhancing the overall quality of the loan portfolio. As a responsible lender committed to customer affordability and sustainable growth, the Company changed the lending interest rate twice during the year, bringing the lending rate range between 22.60% to 24.80%.

Through prudent treasury and liability management, the Company effectively managed its borrowing costs and maintained stable Net Interest Margins despite the challenging external environment. The Company continues to diversify its funding sources and optimize its liability profile to enhance financial flexibility, improve funding resilience, and support sustainable long-term growth.

Asset Quality: Asset quality across the microfinance sector has remained under pressure amid persistent borrower over-indebtedness, uneven rural income recovery, climate and weather-related disruptions, and tighter household cash flows. In addition, increased credit penetration in prior years, coupled with multiple lending exposures and evolving repayment discipline post-pandemic normalization, has contributed to elevated stress pockets across several geographies. Industry-wide, this has reinforced the need for sharper underwriting, more granular bureau-based assessment, and continuous monitoring of borrower leverage.

Against this backdrop, lenders have increasingly strengthened credit origination frameworks by tightening sourcing standards, enhancing bureau-linked validation, and embedding more conservative household cash-flow assessments at the field level. Collection strategies have also evolved, with greater reliance on segmented delinquency management, early warning indicators, and data-driven prioritisation of stressed accounts. The use of localized field interventions, strengthened collection governance, and closer borrower engagement has become more prominent to improve repayment continuity and reduce slippage.

In response, the Company reinforced its credit filters, deepened on-ground sourcing discipline, and expanded the use of early warning systems to proactively identify emerging stress. Dedicated collection teams were deployed with sharper portfolio segmentation and focused recovery strategies. Regular customer engagement and localized resolution efforts helped maintain borrower relationships and support repayment discipline. Despite broader sectoral headwinds, portfolio quality was supported through disciplined underwriting, proactive risk management, and sustained operational vigilance aligned with evolving industry conditions.

Operating Expenses: Operating expenses remained elevated in FY26, driven primarily by increased field engagement, intensified collection efforts, and higher operational activity in regions experiencing repayment stress. The elevated on-ground presence was necessary to strengthen portfolio monitoring, support borrower resolution, and maintain asset quality in a challenging operating environment.

To offset these pressures, the Company undertook continuous optimisation of cost structures through regular review of cost centres, tighter expense governance, and rationalisation of discretionary spending. In parallel, process improvements and greater digitisation of select operational workflows were implemented to enhance efficiency and support more effective deployment of field resources. These measures helped contain overall cost escalation while ensuring sustained operational effectiveness across geographies.

Impact of External Environment: The business continues to operate in a complex and rapidly evolving external environment shaped by regulatory, political, technological, and climate-related factors. It has had to continuously align with evolving RBI regulations, including updated Master Directions on digital lending, strengthened guidelines on borrower transparency such as standardized Key Fact Statements (KFS), tighter oversight of Lending Service Providers (LSPs), and enhanced requirements around outsourcing, grievance redressal, and fair lending practices. In parallel, increasing emphasis on data protection and privacy under the Digital Personal Data Protection (DPDP) framework, along with stricter cybersecurity and IT risk management expectations for regulated entities, has required significant upgrades to governance, controls, and system architecture. State-specific regulations governing recovery practices and borrower protection continue to influence field operations, necessitating ongoing refinement of collection protocols, agent conduct standards, and training programs. Additionally, heightened regulatory focus on fraud risk management, credit information reporting, and model governance has strengthened the need for more robust monitoring and compliance systems.

Outlook

As the sector enters a phase of post-recalibration normalisation, the Company is well positioned to pursue steady, responsible, and compliant growth in line with currently applicable regulatory provisions. With foundational investments in operational capacity and digital infrastructure, and with risk-based decisioning integrated into the loan sanctioning process through an individual member-level scoring model, the Company has strengthened its credit underwriting and governance framework. Established systems of credit discipline further reinforce portfolio quality and consistency in decision-making.

The strategic focus now shifts toward improving operational productivity, reviving loan growth momentum, and deepening borrower engagement across stable and underserved markets. Early indicators of recovery in rural demand, coupled with improving lender confidence, provide a constructive operating backdrop. Continued adherence to regulatory expectations, along with enhanced portfolio monitoring and prudent diversification of funding sources, is expected to support balance sheet resilience and sustainable margin performance.

While growth will remain calibrated and risk-conscious, the Company is well positioned to leverage emerging sector tailwinds and advance its business trajectory with strengthened operational confidence and regulatory alignment.

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

FY26 to date has been characterized by continued, albeit moderating, sectoral stress within India's microfinance landscape, as the industry progressively absorbs the after-effects of multiple macroeconomic and cyclical shocks witnessed in preceding years. While conditions have shown incremental improvement relative to FY25, the operating environment remains shaped by a lagged combination of rural leverage build-up, uneven income recovery, intermittent liquidity tightness, and localized political and administrative disruptions, including state-level election cycles. These factors have collectively influenced borrower repayment behavior and credit demand patterns, resulting in a more calibrated and selective growth trajectory for the sector. Asset quality pressures, while no longer broad-based, continue to emerge in specific geographies with historically higher penetration and elevated indebtedness, reflecting a still-fragile but gradually stabilizing credit ecosystem.

Notwithstanding these near-term challenges, the structural demand for formal financial services across core microfinance constituencies-particularly women borrowers, micro-enterprises, and informal income earners—remains firmly intact. These segments continue to be significantly under-penetrated by traditional banking channels, reinforcing the enduring relevance of microcredit as an enabler of financial inclusion. Encouragingly, gradual stabilization in rural income streams, supported by improving agricultural output cycles, wage normalization, and early signs of discretionary consumption recovery, is contributing to a more constructive medium-term demand outlook. This reinforces the sector's long-term thesis of delivering accessible, responsible, and purpose-driven credit through disciplined, relationship-based lending frameworks that prioritize borrower resilience alongside sustainable portfolio growth.

Within this evolving regulatory and market context, policy developments have further enabled a more diversified and resilient operating model for NBFC-MFIs. The Reserve Bank of India's updated guidelines permitting a higher proportion of non-qualifying assets within portfolio constructs have expanded the industry's ability to innovate beyond traditional Joint Liability Group (JLG) lending. This has created meaningful headroom for product diversification, including secured livelihood financing, education and skill-development loans, emergency consumption support, and income-smoothing credit solutions tailored to borrower cash-flow volatility. Accordingly, the industry is increasingly transitioning from a narrow transactional lending model toward a more holistic lifecycle-based financial services approach, aimed at addressing evolving household and micro-enterprise needs across consumption, productivity, and resilience-building use cases. Within prudential guardrails, this evolution is enabling institutions to build more balanced, diversified, and counter-cyclical portfolios.

Complementing these structural shifts is the continued strengthening of operational infrastructure across the sector during FY26 to date. Institutions have maintained disciplined investments in branch networks and field human capital, ensuring sustained last-mile presence even amid moderated growth conditions. This on-ground capability is increasingly being augmented by accelerated adoption of digital enablers, including digital loan origination, alternate data-driven credit assessment models, automated workflow management systems, and technology-led collections infrastructure. The resulting hybrid operating architecture is enhancing both efficiency and customer experience—improving turnaround times, strengthening underwriting precision, and enabling scalable expansion into semi-urban and emerging rural markets with optimized incremental cost structures. This integrated physical-digital model is emerging as a key competitive differentiator in heterogeneous markets where digital adoption and financial literacy continue to evolve at varying speeds.

Further, the continued reinforcement of borrower-level prudential guardrails, as prescribed by industry bodies such as MFIN and aligned regulatory expectations, has contributed to improved discipline and standardization across the microfinance ecosystem. Measures such as limits on borrower indebtedness, caps on the number of lending relationships, and enhanced assessment of repayment capacity have collectively strengthened credit underwriting integrity and reduced the risk of over-leveraging. While these frameworks may temper near-term growth in certain saturated pockets, they are expected to deliver meaningful long-term benefits by improving asset quality, reducing systemic risk, and fostering more sustainable credit expansion. For institutions with a demonstrated track record of conservative underwriting, responsible collections practices, and borrower-centric engagement, this structural reset enhances competitive positioning. As transparency, compliance rigor, and credit discipline deepen across the sector, institutions that consistently align financial inclusion objectives with long-term borrower well-being are likely to strengthen trust and progressively consolidate their market position.

Threats:

- **Macroeconomic and Climatic Shocks:** The sector remains exposed to structural macroeconomic volatility, particularly driven by monsoon variability, climate-related disruptions, and uneven rural recovery. In FY26 to date, irregular rainfall patterns, localized flooding, and heat stress conditions have impacted agricultural productivity and informal rural income streams in several geographies. Coupled with persistent food inflation and periodic wage stagnation in rural and semi-urban labor markets, these factors continue to influence household cash flows and repayment capacities. While gradual diversification into non-farm livelihoods is improving resilience, income volatility remains a core structural risk for microfinance portfolios.
- **Political and Policy-Linked Disruptions:** State-level electoral cycles, policy transitions, and periodic administrative reviews continue to create episodic disruptions in credit discipline and collections efficiency across certain geographies. In several states, evolving regulatory interpretations, implementation of State Investigation Reports (SIRs), and associated borrower verification or field-level scrutiny processes have, at times, led to temporary slowdowns in disbursement cycles, heightened documentation requirements, and localized delays in collections activity.

  Additionally, pre- and post-election environments often see heightened expectations around loan waivers, interest subventions, or subsidized credit schemes, which can temporarily distort borrower repayment behavior and weaken credit discipline in affected regions. Such expectations, when amplified through political messaging, local administrative signals, or media narratives, may result in short-term prioritization of repayment deferment over contractual obligations.

  While regulatory authorities, state administrations, and industry bodies such as MFIN continue to reinforce responsible lending norms, borrower awareness initiatives, and standardized credit discipline frameworks, these state-level and localized socio-political developments remain a recurring operational risk factor for the microfinance sector.
- **Regulatory Evolution and Heightened Compliance Requirements:** The regulatory landscape under the Reserve Bank of India (RBI) continues to evolve toward a more principles-based, borrower-protection-oriented framework for NBFC-MFIs. Strengthened norms around borrower indebtedness caps, exposure limits, and credit bureau-based underwriting have significantly improved systemic discipline but also increased compliance complexity. Enhanced KYC/AML requirements, including CKYC integration, periodic re-verification norms, and stricter customer due diligence standards, are increasing onboarding and servicing costs. Additionally, greater supervisory scrutiny on pricing transparency, fair lending practices, and customer conduct standards necessitates continuous refinement of operational processes and credit policies, impacting agility in product and pricing decisions.
- **Intensifying Competitive Landscape and Borrower Over-Leverage Risk:** Competition in rural and semi-urban lending markets continues to intensify, with participation from NBFC-MFIs, Small Finance Banks (SFBs), traditional NBFCs,

and increasingly, digital-first fintech lenders leveraging alternate data models and rapid disbursal capabilities. This heightened credit supply is contributing to localized borrower saturation in certain geographies, increasing the risk of multiple lending relationships despite regulatory guardrails on indebtedness and lender limits. While credit bureau penetration and industry-level data sharing frameworks have improved visibility, gaps in informal lending linkages and timing lags in bureau updates continue to pose risks of hidden over-leveraging. As a result, strong origination discipline, real-time credit bureau checks, and conservative underwriting remain critical safeguards.

- **Technology, Cybersecurity, and Digital Fraud Risks:** As the industry increasingly adopts digital origination, e-KYC, automated underwriting, and app-based collections, exposure to cybersecurity threats and digital fraud has increased materially. Risks such as identity theft, synthetic identity creation, SIM swap fraud, and unauthorized access to borrower data are becoming more sophisticated. Additionally, system downtime or data integrity issues in digital lending platforms can directly impact customer experience and operational continuity. Strengthening IT governance frameworks, data protection protocols, and fraud detection systems has therefore become a key operational priority across regulated entities.
- **Asset Quality Cyclicality and Credit Bureau Lag Risks:** Despite improved underwriting frameworks and regulatory guardrails, microfinance portfolios remain inherently sensitive to cyclical stress events. Income shocks at the borrower level—whether due to crop failure, health emergencies, or local economic disruptions—can quickly translate into portfolio stress. Additionally, delays or inaccuracies in credit bureau reporting and updating can temporarily mask borrower over-indebtedness, leading to underwriting blind spots. This reinforces the importance of continuous portfolio monitoring, early warning systems, and proactive collections strategies.
- **Operational and Human Capital Constraints in Last-Mile Markets:** Sustaining scalable growth in geographically dispersed and semi-urban/rural markets continues to depend heavily on field force quality and operational execution. High employee attrition in field roles, training gaps, and uneven productivity across regions can impact customer service quality and portfolio performance. While digital enablement is gradually reducing dependency on manual processes, the hybrid nature of microfinance delivery still requires strong on-ground presence, making human capital management a persistent structural challenge.
- **Reputational and Customer Trust Risks:** Given the socially sensitive nature of microfinance lending, any perceived deviations from fair lending practices, aggressive collections, or mis-selling can quickly escalate into reputational risks. Increased regulatory focus on customer protection, coupled with heightened media and social scrutiny, means that even localized incidents can have amplified impact. Maintaining strong governance, ethical collection practices, and transparent borrower communication remains critical to sustaining long-term trust and institutional credibility.

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 ₹1,00,000 to ₹300,000. Principal and interest payments are due monthly during the loan term, subject to compliance with applicable local law requirements.
- **Gold Loans -** Gold Loans are designed to provide short-term financial assistance to individuals against the pledge of their gold ornaments or jewellery. These loans help borrowers meet immediate personal or business funding requirements, including consumption needs, emergency expenses, or working capital needs. The tenure for Gold Loans typically ranges up to 12 months, with loan amounts determined based on the value and purity of the pledged gold,

subject to applicable loan-to-value norms and internal credit policies. Interest is generally payable on a periodic basis, and the principal is repayable either during the loan term or at maturity, 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 12 months, with loan amounts ranging from ₹10,000 to ₹20,000. Principal and interest payments are due monthly during the loan term, subject to compliance with applicable local law requirements.
- **Education Loans** – Education loans are offered to borrowers to support their primary education expenses. The tenure for these loans upto 18 months, with loan amounts ranging from ₹20,000 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.

Comparative Assessment of NBFC- MFI Vs Belstar Microfinance Limited

	Belstar Microfinance Limited			Industry		
	FY 24-25	FY 25-26	YoY Change %	FY 24-25	FY 25-26	YoY Change %
Branches	1,281	1,312	2.42	24,523	22,577	0.46
Employees	13,076	11,514	-11.95	2,30,547	1,94,285	-11.00
Clients (Cr)	0.25	0.20	-20.00	4.20	3.40	-15.00
Loan Accounts (Cr)	0.27	0.30	11.11	5.30	4.00	-20.00
Asset Under Management (Rs Cr)	7,969	8,222	3.17	1,47,279	1,47,331	4.74
Balance sheet portfolio (Rs Cr)	7,588	7,728	1.85	1,19,548	1,23,236	5.68
Loans disbursed (During the year, Cr)	0.11	0.10	-9.09	2.20	2.00	-4.76
Loans amount disbursed (During the year, Rs Cr)	6,016	7,585	26.08	1,12,459	1,20,338	12.26

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

Our segment wise classification of our portfolio is

INDUSTRY	FY 25- 26	FY 24- 25
AGRICULTURE AND ALLIED	64.19%	65.76%
SERVICES	10.89%	13.50%
TRADE AND BUSINESS	11.71%	10.74%
EDUCATION LOAN	0.19%	0.34%
PRODUCTION OR MANUFACTURING	10.56%	8.70%
CONSUMPTION LOANS	0.56%	0.95%
EMERGENCY LOANS	0.00%	0.01%
GOLD LOANS	1.90%	0.00%
TOTAL	**100.00%**	**100.00%**

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 for scaling up our Gold loan branch expenses.

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 in the form of PTC and Direct Assignment. 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 growth 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

Risk management at Belstar is integral to the Company's strategy for achieving sustainable growth, maintaining financial resilience, and creating long-term stakeholder value. The Company follows a proactive and structured approach towards identifying, assessing, monitoring, and mitigating risks across its operations and business functions. A strong risk culture, supported by well-defined policies, robust internal controls, standardized operating procedures, and continuous oversight, forms the foundation of the Company's risk management framework. Belstar continuously strengthens its risk capabilities to address evolving business dynamics, regulatory developments, and emerging risks while enhancing organizational preparedness and operational resilience.

The Company actively monitors key risk domains including credit risk, liquidity risk, interest rate risk, operational risk, fraud risk, compliance risk, and information security risk. Oversight is provided by the Risk Management Committee (RMC) of the Board, which periodically reviews the Company's risk profile, emerging risk landscape, and mitigation strategies to ensure alignment with business objectives and risk appetite.

Belstar continues to leverage advanced analytics, technology-enabled monitoring systems, and early warning indicators to strengthen risk visibility and support proactive decision-making. Portfolio scans, branch-level reviews, Risk-360 alerts, and analytical risk assessments enable timely identification of vulnerabilities and emerging trends. The BEL-Score credit risk model further strengthens underwriting quality through objective and data-driven customer risk assessment.

During the year, the Company diversified into secured lending space through Gold Loan vertical with specialized gold appraisal processes, technology-enabled controls, and a robust security framework. Continuous monitoring of LTV and portfolio performance helps ensure prudent risk management and operational resilience.

Going forward, Belstar remains committed to bolstering its risk management capabilities through innovation, analytics, and technology-led interventions. By embedding risk awareness across the organization and maintaining a forward-looking approach, the Company is well positioned to navigate evolving challenges while creating enduring value for stakeholders.

Audit

Belstar's Internal Audit function plays a critical role in strengthening governance, risk management and internal controls through a robust risk-based assurance framework. The function conducts quarterly audits of all Microfinance, MSME and Gold Loan branches, along with audits of corporate functions, outsourced activities and key business processes. The annual audit plan, approved by the Audit Committee, is driven by the Company's risk profile and emerging business and regulatory risks.

Portfolio-level data analytics and thematic reviews enhance the identification of control gaps, operational inefficiencies and compliance risks. Audit observations are risk-rated, monitored for timely closure and escalated through periodic audit alerts to enable prompt corrective action and root cause analysis. With unrestricted access to records, systems and personnel, the Internal Audit function provides independent assurance to the Audit Committee, supporting a culture of accountability, regulatory compliance and continuous improvement across the organisation.

DIRECTORS' REPORT

Dear Members, Belstar Microfinance Limited

The Board of Directors (the "Board") have pleasure in presenting the 38th Annual Report of Belstar Microfinance Limited (" the Company") together with the audited financial statements for the financial year ended March 31, 2026.

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Company for the year ended March 31, 2026, 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.

₹ Millions

Particulars	Year Ended March 31, 2026	Year Ended March 31, 2025
Total Income	18,289.77	21,249.88
Total Expenses	17,913.72	20,741.07
Profit before tax	376.05	508.81
Tax Expenses	129.02	44.94
Profit after Tax	247.03	463.87
Basic Earnings Per Share (EPS) (in ₹)	4.50	8.46
Diluted Earnings Per Share (DPS) (in ₹)	4.50	8.46
Equity	17,951.66	17,711.68
Total Liability	59,328.45	58,172.12
Total Asset	77,280.11	75,883.80

2. OPERATIONAL HIGHLIGHTS

The summary of Operational highlights is as under:

Particulars	FY 2026	FY 2025
No. of States/UTs	21	21
No. of Branches	1312	1281
No. of Employees	11,514	13,076
No of Borrowers	19,65,665	25,34,955
Gross Disbursement (₹ million)	75,856.60	60,162.16
Loan Portfolio (₹ million) on Balance Sheet	68,125.81	67,289.21
Asset Under Management- AUM (₹ million)	82,221.28	79,694.79

Amid adverse market conditions and customer over-indebtedness, the Company's Asset Under Management (AUM) recorded marginal growth on a year-on-year basis.

In line with the decision of the Reserve Bank of India in mid-2025 to reduce the qualifying asset threshold for NBFC-MFIs from 75% to 60%, the Company has diversified its portfolio by introducing gold loans as a secured lending product, with a view to reducing its reliance on unsecured microfinance loans, and intends to continue this strategy in the ensuing year. As at March 31, 2026, the gold loan portfolio of the Company stood at ₹1,589.14 Mn, representing around 1.93% of the total Asset Under Management (AUM).

3. DIVIDEND

In the opinion of the Board, the Company is in a recovery phase during the financial year under review and, considering the prevailing market conditions as well as the need to conserve resources for future business requirements, the Board of Directors has not recommended any dividend for the financial year ended March 31, 2026.

4. TRANSFER TO RESERVES

The Company has transferred an amount equivalent to 20% of the profit after tax, being ₹49.40 Million to the Statutory Reserve under Section 45-IC of the Reserve Bank of India Act, 1934.

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. 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, 2026.

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

7. CHANGE IN NATURE OF BUSINESS

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

8. 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.

11. DIRECTOR AND KEY MANAGERIAL PERSONNEL

As on March 31, 2026, the Board of your Company consists of Twelve Directors Including two women directors. Their details are as follows.

Category	Name of the Director	DIN
Executive Director	J Balakrishnan	10409525
Non-Executive Directors	K R Bijimon	00023071
	George Alexander	00018384
	George Muthoot Jacob	00018955
	Vijay Nallan Chakravarthi	08020248
	Kalpanaa Sankar	01926545
	C V Sankar	00703204
Non-Executive Independent Directors	K Venkataraman	02443410
	V A George	01493737
	Chinnasamy Ganesan	07615862
	Rajeswari Karthigeyan	10051618
	V A Prasanth	07583586

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

Mr. Emil Simon Tendler Sierczynski (11516973) has been appointed as additional Director of the company wef May 05,2026.

The Directors possess extensive 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.

The details of the Board, its Committees, areas of expertise of Directors and other details are available in the Report on Corporate Governance, which forms part of this Integrated Annual Report. The terms and conditions of appointments of Independent directors are available on the website of the Company on the website of the Company

I. Changes In Directors and Key Managerial Personnel (KMP) during the FY 2025-26

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

Name	Nature of Change	Effective date
V A Prasanth	Appointed as independent Director	April 28,2025
Kalpanaa Sankar	Demitted office upon completion of her tenure as Managing Director.	August 31, 2025
	Appointment as Non-Executive Director	February 16, 2026
B Balakumaran	Resigned as a Director	August 01, 2025
J Balakrishnan	Appointed as Chief Executive Officer	June 18,2025
	Appointed as Wholetime Director	September 01, 2025
Siva Vadivelazagan	Resigned as a Director	December 31,2025
C V Sankar	Appointment as Non-Executive Director	February 16, 2026

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the applicable Rules made thereunder, the following are the Key Managerial Personnel of the Company as at March 31, 2026:

- Mr. J. Balakrishnan – Chief Executive Officer & Whole-time Director
- Mr. Muralidharan Lakshmanan – Chief Financial Officer
- Mr. Sunil Kumar Sahu – Company Secretary

II. Directors Retiring by Rotation

Mr. George Muthoot Jacob (DIN: 00018955) and Mr. Vijay Nallan Chakravarthi (DIN:08020248) Non-Executive Directors of the company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves reappointment.

III. Declaration By Independent Director.

The Board has received declarations from the Independent Directors as required under Section

149(7) of the Act and Regulation 16(1)(b) of Listing Regulations and the Board is satisfied that

the Independent Directors meet the criteria of independence as mentioned therein.

A statement by the Wholetime 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 recognizes its obligation to maintain a diverse Board. The Company considers that the concept of diversity incorporates several different aspects, such as professional experiences, business perspectives, skills, knowledge, gender, age, culture, educational background and ethnicity. The Company believes that Board diversity enhances decision making capability and a diverse Board is more effective in dealing with organizational changes and less likely to suffer from group thinking. The Board Diversity policy of the Company is available on the website of the Company.

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

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

The Nomination and Remuneration Charter of the Company as approved and adopted by the Board and the same is available on the website of the Company.

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

The Companies Act, 2013and The SEBI Listing Regulations 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, familiarization 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. Independent Directors Meeting

Pursuant to the Companies Act, 2013 and SEBI Listing Regulations, a separate Meeting of the Independent Directors was held on March 24, 2026 without attendance of Non–Independent Directors and Members of the Management.

IX. Meetings Of the Board

The Board met 6 (Six) times during the financial year 2025-26. The details of the meetings are given in the Report on Corporate Governance. Necessary quorum was present for all the meetings. Further, the maximum interval between any two meetings did not exceed 120 days, as prescribed by the Act and Listing Regulations.

X. 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, Customer Service Committee & HR 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.

10. 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.

11. 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.

Pursuant to 'Master Direction – Reserve Bank of India (Non- Banking Financial Company – Scale Based Regulation) Directions, 2023' dated October 19, 2023, as amended from time to time, the Company was categorised as NBFC Middle Layer ("NBFC-ML") and it continues to be under the same category till the date of this report.

As at March 31, 2026, 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, 2026 are as follows:

Capital Adequacy Ratio	March 31,2026
i) CAR –Tier I Capital (%)	22.88
ii) CAR – Tier II Capital (%)	0.62
Capital Adequacy Ratio (CAR %)	23.50

Your Company has a strong funding access with high quality liquid assets (HQLA) which covered the net cash outflow during FY26 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 has been maintaining a higher liquidity surplus with positive mismatch across. All ALM buckets. Details of HQLA and LCR during FY26 are given below:

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.

Particular	March 31,2026	December 31,2025	September 30,2025	June 30,2025
High Quality Liquid Assets (HQLA) - comprises of cash and bank balances(In Million)	3564.02	3,750.64	2,987.38	3,294.40
Liquidity Coverage Ratio	122.85%	146.07	126.83%	167.65%

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.

12. 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.

13. 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.

14. 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

15.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. The Company will be able to raise adequate resources for onward lending in line with its business plans.

The Company has diversified funding sources from the Public Sector, Private Sector and Foreign Banks, Financial Institutions etc. Funds through Term Loans, Non-Convertible Debentures (NCDs) and in the form of securitization transaction. The details are as follows

S.No	Borrowings / Security type	Overall Borrowed FY25-26 (₹Crore)	%
1	Term Loans Banks	3949.25	65.63
2	Term Loans from NBFCS	100.00	1.66
3	Non-Convertible Debenture	325.00	5.40
4	Securitization (DA/PTC)	1643.85	27.31
	Total	**6018.10**	**100**

No interest or principal payments in respect of the term loans were due and remained unpaid as on March 31, 2026.

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 become due.

16.CREDIT RATING

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

Instrument	Rating as at March 31,2026	Rating as at March 31,2025
Long term Bank loan Ratings	CRISIL AA/Stable	CRISIL AA/Stable
Non-Convertible Debenture	CRISIL AA/Stable	CRISIL AA/Stable
Debt-Subordinate Debt	CRISIL AA/Stable	CRISIL AA/Stable
	CARE AA-; Stable	CARE AA-; Stable

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

17. HOLDING, SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANY

Muthoot Finance Ltd continues to be the holding company as at March 31, 2026, with a shareholding of 66.13%. During the year under review, your company does not have any subsidiary, Joint Venture or Associate Companies.

18. RELATED PARTIES TRANSACTION

During the year under review, all contracts/arrangements/ transactions entered into by the Company with related parties were in its ordinary course of business and on an arm's length basis and prior/omnibus approval of the Audit Committee was obtained for all related party transactions of the Company which are foreseen and of repetitive nature. The said transactions have been reviewed by

the Audit Committee on a quarterly basis. Details of RPTs as required under Indian Accounting Standard (Ind AS-24) are reported in the note forming part of 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.

During the year under review there are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large .Therefore, particulars of contracts/ arrangements with related parties under Section 188 of the Act in Form AOC-2 is not annexed with this report.

19.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, 2026, 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 KSR & Co Company Secretaries LLP, (FRN P2008TN006400] as the Secretarial Auditors of the Company for a term of 5 (Five) consecutive years commencing from FY2025-26, till FY2029-30.

There has been no qualification, reservation, adverse remark, or disclaimer given by the Secretarial Auditor in their Report for the year under review. The Secretarial Audit Report as received in the prescribed FORM MR-3, is appended to this report as **"Annexure 2".**

Cost Audit:

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

Internal Audit:

The Company has an independent internal audit department headed by head of Audit Mr. S chandramouli. The internal audit department broadly assesses and contributes the overall improvement of the organization's governance, risk management, and control processes using a systematic and disciplined approach. The internal audit team follows Risk Based Internal Audit which helps the organization to identify the risks and address them accordingly based on the risk priority and direction provided by the board of directors. The Internal audit reports are presented to the Audit Committee of the Board on a quarterly basis. Based on the reports of the internal audit team, the process owners undertake corrective action in their respective areas

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

During the year under review, the Statutory Auditor 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.

21. 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.

22. INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company has adequate internal controls and processes in place with respect to its operations, which provide reasonable assurance regarding the reliability of the financial statements and financial reporting as also functioning of other operations. which ensures that all transactions are recorded, authorized and reported correctly. These controls and processes are driven through various policies and procedures.

The Company adheres to applicable Indian Accounting Standards (Ind AS) for maintaining books of account and financial reporting.

The internal control environment is continuously monitored through:

- Management oversight and periodic self-assessments;
- Risk-based internal audits conducted by internal audit teams in line with regulatory expectations for the Company.
- safeguarding of asset, Prevention and detection of frauds / errors
- timely preparation of reliable financial information and
- Ongoing compliance tracking across operational, financial, and regulatory domains.

The Company maintains a unified risk and control approach to ensure consistent governance and remains committed to strengthening its control systems in alignment with evolving regulatory guidelines and supervisory expectations.

23. RISK MANAGEMENT POLICY.

As a NBFC- MFI focusing on unorganized and under serviced sector, risk management is an integral part of our business. The Company has an independent risk management function and is an integral component of its operations, ensuring the effective management of both financial and non-financial risks. This proactive approach enables the Company to adapt swiftly to changes in the external environment, addressing emerging challenges and opportunities with agility.

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 oversees risk management through the Risk Management Committee (RMC), which is responsible for implementing and monitoring risk strategies.

24.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.

25. 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.

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

a) Information Relating to Conservation of Energy, Technology Absorption.

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

b) Foreign Exchange Earnings and Outgo

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

Nature	Currency	₹ Millions
Software subscription Fees	USD	0.14

27.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 Programme to be undertaken by the Company as per its CSR Policy. The CSR policy is displayed on the web site of the Company.

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 camps.

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 ₹4,41,50,000 and the company spent the entire amount towards CSR activities during the financial year 2025-26.

The Annual Report on CSR activities as required under the Companies (CSR Policy) Rules, 2014 is annexed herewith and marked as **'Annexure 3'** to this Report.

28. HUMAN RESOURCES MANAGEMENT & EMPLOYEE RELATIONS

A strong workforce and an experienced management team plays a significant role in driving the Company's growth. By consistently emphasising on recruiting the right talent and implementing effective retention policies, the Company seeks to align its workforce with its organisational culture and long-term growth strategies. Belstar also undertook an employee background verification process that assessed the candidate's employment history, reference checks, fraud and criminality database searches, and address confirmation.

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.

Further, the Company focuses on building internal capabilities by encouraging skill development of its personnel through targeted learning programmes. The Company also facilitates performance-linked incentives that will help to increase the motivational levels of the workforce thereby sustaining growth and achieving targets.

29. PARTICIPATION IN CREDIT BUREAU.

In order to address the issue of multiple lending or over indebtedness and also to know the credit history of the customer, the Company continues to submit daily, weekly and monthly data to all the credit bureaus namely Experian Credit Information Company of India Private Ltd, High Mark Credit Information Services Pvt. Ltd., Equifax Credit Information Services Pvt. Ltd., and Transunion CIBIL Limited.

The Company uses High mark or Equifax Credit Report for each of the loan sanctions. These activities handled with great deal of hard work, intense follow-ups and efficient processes, have resulted in constantly building high-quality assets with minimal delinquencies.

30. 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.

31. CORPORATE GOVERNANCE REPORT

The Company is committed to maintain the highest standards of Corporate Governance and has also implemented several best governance practices. 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 behaviour 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".**

32. WHISTLEBLOWER POLICY OR VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES.

The Company promotes safe, ethical and compliant conduct of all its business activities and has put in place a mechanism for reporting breaches of code of ethics and conduct and fraudulent activities. 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 and under which employees/ directors/

officers/other persons are encouraged to report fraudulent practices, bribery, illegal or unethical behaviour without fear of any retaliation.

In exceptional cases, employees have a right to report violations to the Chairman of the Audit Committee. The Company hereby affirms that none of its personnel have been denied access to the Audit Committee. During the financial year 2025-26, no complaint was received under Vigil Mechanism/Whistle Blower Policy. The Policy is also available on the Company's website.

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

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention prohibition and redressal of sexual harassment at workplace in line with the requirements of the Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

The Company had also conducted several awareness training programs for the employees during the year to educate the employees on the scope of the Policy and the grievance redressal mechanism under the Act. Further, the Company has set up an Internal Complaints Committee (ICC) as required under the said Act to redress the complaints received pertaining to sexual harassment.

All employees (viz., permanent, contractual, temporary, trainees) are covered under this Policy. Any complaint received by the ICC shall be dealt appropriately in accordance with the policy and applicable laws and regulations as provided in the Act. The Policy formulated by the company for Anti Sexual Harassment Policy is available on website of the Company.

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 FY25-26	6
Number of complaints disposed of during the financial year FY25-26	4
Number of complaints pending as on end of the financial year *	2

*Pending complaints were resolved as on the date of this report.

34. 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, 2026.

Male Employees	9405
Female Employees	2109
Transgender Employees	Nil
Total Employees	11514

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

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 committed against 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.

Return to work and Retention rates of employees

Gender	Employees	
	Return to work rate	Retention rate
Male	100%	100%
Female	73.53%	64%

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

During the year under review, no auctions were conducted for the recovery of overdue loans against gold jewellery.

37. 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 31,2026 and the date of this Report.

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

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

39. 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, 2026 is made available on the Company's website.

40. MANAGEMENT DISCUSSION AND ANALYSIS.

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

41. DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the Annual Financial Statements for the year ended March 31, 2026, the applicable Accounting Standards read with requirements set out under Schedule III to the Act have been followed and there are no material departures from the same;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31,2026 and the profit/loss of the company for that said year ".

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis;

e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

42. 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.

43. GRATITUDE & ACKNOWLEDGEMENT

The Board expresses wish to place on record their appreciation for the assistance, co-operation and guidance received by the Company from the Customers, Shareholders, Debenture Holders, the Central Government, the State Government, the Reserve Bank of India, the Registrar of Companies, Chennai, the Securities and Exchange Board of India, the BSE Limited, , Debenture Trustees, Depositories, Registrar and Share Transfer Agent, Credit Rating agencies and other Regulatory Authorities Bankers and other Finical Institutions during the year under review and look forward to their continued support.Your directors also wish to place on record their deep sense of appreciation for the committed services of the Employees of the Company.

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

For and on behalf of the Board of Directors

	Sd/-	Sd/-
	K Venkataraman	**J Balakrishnan**
Place : Chennai	**Non-Executive Chairman**	Wholetime Director & CEO
Date : May 05, 2026	DIN: 02443410	DIN :10409525

ANNEXURE - 01

DECLARATION REGARDING RECEIPT OF CERTIFICATE OF INDEPENDENCE FROM ALL INDEPENDENT DIRECTORS

I, J Balakrishnan Whole-Time Director & Chief Executive Officer of the Company do hereby confirm that the Company has received from all the independent directors a certificate stating their independence as required under Section 149(6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sd/-
J Balakrishnan
Wholetime Director & CEO
DIN :10409525

Place : Chennai
Date : May 05, 2026

ANNEXURE - 02

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026
[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
M V Square, No 4/14, Soundarapandian Street,
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 for the financial year ended on March 31, 2026 in a manner that provided us reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, 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 the Audit, we hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, 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 the Company for the financial year ended March 31, 2026 according to the provisions of:

(i) The Companies Act, 2013 and the Rules made there under.

(ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.

(iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.

(iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and Exchange 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;#
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **
- (d) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;*
- (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;#
- (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.
- (g) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 (limited to obligations of the company);
- (h) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 (limited to obligations of the company);
- (i) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;#

(v) The following Act, Rules, Regulations, Directions, that are specifically applicable to the Company based on its main objects:

- (a) The Reserve Bank of India Act, 1934
- (b) Master Direction- Reserve Bank of India (Filing of Supervisory Returns) Directions, 2024.
- (c) Reserve Bank of India (NBFC-Governance Directions), 2025

(d) Master Direction- Reserve Bank of India (Non-Banking Financial Company-Scale Based Regulation) Directions, 2023.

*Based on the information and explanation provided, the Company had no transactions during the period covered under the Audit requiring the compliance of the provisions of –

1. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings and
2. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

**Chapter V-Applicability is limited to Regulations 49 to 62A. Based on information provided, the Company is not a High Value Debt Listed Entity (HVDLE) even as on March 31, 2025.

#per se not applicable to the Company being only debt listed and having issued ESOP in terms of Section 62(1)(b) read with Rule 12 of (Share Capital and Debenture) Rules, 2024.

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

(i) the Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.

(ii) Listing Agreement for debt securities entered into with BSE Limited in respect of privately placed non-convertible debentures issued by the Company.

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive Director, Non-Executive Directors, Independent Directors and Woman Director. Changes were made to the composition of the Board of Directors during the period covered under the Audit.

Adequate notice and detailed notes on Agenda were given to all Directors at least seven days in advance to schedule the Board Meetings and consent was received from all directors in case the Board Meetings were called at shorter notice. There exists a system for seeking and obtaining further information and clarifications on the agenda items before the Board Meeting and for meaningful participation at the Board Meeting.

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting members' views requiring to be captured in 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 in our opinion during the period covered under the Audit, there are actions / transactions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above.

i. The Company altered its Articles of Association (AoA) which was approved by the members at the Extra-ordinary general meeting held on 16th February, 2026. The alterations include increase in the maximum number of board of directors from eleven (11) to thirteen (13).

ii. The Company made Private placement of Non-Convertible Debentures (NCDs) aggregating to ₹325 Crores in the financial year.

For KSR & Co Company Secretaries LLP
sd/-
Dr.C.V.Madhusudhanan
Partner
FCS: 5367; CP: 4408
FRN: P2008TN006400
Peer Review No.2635/2022
UDIN: F005367H000282061

Place : Coimbatore
Date : May 05, 2026

KSR/CBE/B-91/97/2026-27

To,

The Members,

Belstar Microfinance Limited

CIN: U06599TN1988PLC081652

M V Square, No 4/14, Soundarapandian Street,

Ashok Nagar, Chennai, Tamil Nadu - 600083

Our Secretarial Audit Report of even date **Belstar Microfinance Limited** (CIN: U06599TN1988PLC081652) (hereinafter called "the Company") is to be read along with this letter.

Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

1. We had conducted our audit by examining various records and documents including minutes, registers, certificates and other records received through electronic mode and physical verification of the original documents and records. The management has confirmed that the records provided to us for audit through electronic mode and physical verification are final, true and correct.
2. Further, our audit report is limited to the verification and reporting of the statutory compliances on laws / regulations / guidelines listed in our report and the same pertain to the Financial Year ended on March 31, 2026.
3. 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.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis. Further compliance of provisions of Master Direction- Reserve Bank of India (Non-Banking Financial Company-Scale Based Regulation) directions, 2023 is limited to compliance of corporate governance provisions and verification of filing of forms and returns thereunder.
6. 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 KSR & Co Company Secretaries LLP
sd/-
Dr.C.V.Madhusudhanan
Partner
FCS: 5367; CP: 4408
FRN: P2008TN006400
Peer Review No.2635/2022
UDIN: F005367H000282061

Place : Coimbatore
Date : May 05, 2026

ANNEXURE - 03

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	1
Mr. J Balakrishnan#	Wholetime Director	NA	NA
Mr. Chinasamy Ganesan#	Independent Director	NA	NA

*Ceased to be a member wef Aug 01, 2025. ** Ceased to be a member wef Nov 11,2025# Appointed as member wef Nov 11,2025

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. **CSR Obligation for FY25-26:**

Particular	Amount in (₹)
(a) Average net profit of the company as per section 135(5)	**2,20,67,83,333**
(b) Two percent of average net profit of the company as per section 135(5)	**4,41,35,667**
(c) Surplus arising out of the CSR projects 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).	**4,41,35,667**

6. Details of CSR amount spent during FY25-26:

Particular	Amount in (₹)
(a) Amount spent on CSR Projects:	
(i) Ongoing Project	-
(ii) Other than On going Project	**4,41,50,000**
(b) Amount spent in Administrative Overheads.	-
(c) Amount spent on Impact Assessment, if applicable.	-
(d) Total amount spent for the Financial Year [(a)+(b)+(c)].	**4,41,50,000**

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135 (6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section135 (5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
4,41,50,000*	NIL	Not Applicable	Not Applicable		

*In addition to the above, Hand in Hand India, had also spent the interest amount earned to the tune of ₹133241 on the amount contributed by the Company

(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)	**4,41,35,667**
(ii)	Total amount spent for the Financial Year	**4,41,50,000**
(iii)	Excess amount spent for the financial year ((ii)-(i))	**14,333**
(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))	**14,333**

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	2022-23	**NIL**						
2	2023-24							
3	2024-25							
	TOTAL							

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

Place : Chennai	Sd/- **J Balakrishnan** Chairman of CSR Committee DIN :10409525	Sd/- **K Venkataraman** Non-Executtive Chairman DIN: 02443410
Date : May 05, 2026		

ANNEXURE - 04

Details of Remuneration of Directors, Key Managerial Personnel and Employees and comparatives

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:

I. The ratio of the remuneration of each Director to the median remuneration of the employees of the company and the percentage increase in remuneration of each Director, Chief Financial Officer and Company secretary in the FY 26

S.No.	Name	Designation	Ratio of remuneration to median remuneration	% increase in Remuneration for FY 25-26
(i)	**Executive Director (s)**			
1	Mr. J Balakrishnan#	Whole-time Director & CEO	35.68	NA
2	Dr. Kalpanaa Sankar *	Managing Director	NA	NA
3	Mr. B Balakumaran**	Whole time Director	NA	NA
(ii)	**Non-Executive Director (s)**			
1	Mr. K Venkataraman@	Non-Executive Chairman (Independent Director)	4.75	NA
(iii)	**Key Managerial Personnel**			
1	Mr. L. Muralidharan	Chief Financial Officer	NA	0
2	Mr. Sunil Kumar Sahu	Company Secretary	NA	0

Note :

#Appointed as CEO wef June 18,2025 & Wholetime Director wef September 01,2025. Accordingly, his remuneration is not comparable

*Demitted office with effect from August 31, 2025, upon completion of her tenure as Managing Director. Accordingly, the increase in remuneration shall not be applicable to her

** Resigned with effect from August 01, 2025, Accordingly the increase in remuneration shall not be applicable to him

@ As the Independent Directors receive only sitting fees for attending Board and Committee Meetings, such sitting fees have not been considered in the above-mentioned table. Further, remuneration was paid to the Non-Executive Chairman with effect from December 01, 2026; accordingly, his remuneration is not comparable.

II. Percentage increase in the median remuneration of employee in FY 2025-26 : 2.90%

III. The number of permanent employee on the rolls of the company as at March 31, 2026 : 11,514

IV. For the FY 2025-26, the average annual increase in the remuneration of employees (excluding the remuneration of managerial personnel) was 6.40% and average increase in Key Managerial remuneration is 0 %. (Further, there were no exceptional circumstances for increase in the managerial remuneration during the FY26.

V. Affirmation that the remuneration is as per the remuneration policy of the company.

The Company confirms that the remuneration is as per 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	Employedsince	Age	Previous Employment Details	Whether relative of any Director or Manager
1	Kalpanaa Sankar[@]	Managing Director	Ph.D. in Physical Sciences & Executive MBA	1,28,50,563	Permanent	11-02-2009	62	Tamil Nadu Women Development Corporation	No
2	L Muralidharan	Chief Financial Officer	Chartered Accountant	87,48,060	Permanent	01-09-2015	48	Hand in Hand India	No
3	J Balakrishnan	Whole Time Director and CEO	MBA - Financial Accounts & Financial Package	86,36,600	Permanent	06-09-2024	65	Indian Overseas Bank	No
4	Rajesh Subramanian	Business Head - South	Bachelor of Arts in Corporate Secretaryship	77,38,000	Permanent	16-06-2025	47	Jana Small Finance Bank Ltd	No
5	Perumal Balakrishnan	Head - Technology Services	MCA - Computer Applications	75,62,040	Permanent	28-11-2024	54	EF Information Systems Pvt. Ltd.	No
6	Dhanasekaran S	Chief Technology Officer	BTech & Executive MBA	65,96,448	Permanent	14-07-2021	52	Samunnati Financial Intermediation & Services Private Ltd	No
7	Ravindran P S	Head – HR	BSC (Agriculture)& MBA	62,57,844	Permanent	18-06-2018	52	Equitas Small Finance Bank Ltd	No
8	Chandramouleeswaran S	Head Audit	Chartered Accountant	58,78,512	Permanent	18-12-2021	44	Data Tracks Services Private Ltd	No
9	Kailas Laxman Suryawanshi	Business Head - North	MSW - Labour Law	56,61,600	Permanent	16-06-2024	50	S V Creditline Ltd	No
10	Suresh Babu R	Head – Applications	BE - Computer Applications	55,10,052	Permanent	15-07-2017	42	Madura Micro Finance Limited	No

[@]Demitted office with effect from August 31, 2025, upon completion of her tenure as Managing Director

B. Name of every employee of the Company, who -

a) If employed throughout the financial year, was in receipt of remuneration for the FY2025-26 , in the aggregate, was not less than ₹1,02,00,000/ (One Crore Two Lakh rupees) - **Nil**

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 ₹8,50,000 (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
Kalpanaa Sankar@	Managing Director	Ph.D. in Physical Sciences & Executive MBA	1,28,50,563	Permanent	11-02-2009	62	Tamil Nadu Women Development Corporation	No

@Demitted office with effect from August 31, 2025, upon completion of her tenure as Managing Director

c) If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company; **Nil.**

For and on behalf of the Board of Directors

Sd/-	Sd/-
K Venkataraman	**J Balakrishnan**
Non-Executtive Chairman	Wholetime Director & CEO
DIN: 02443410	DIN :10409525

Place : Chennai
Date : May 05, 2026

ANNEXURE - 05

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

Belstar Microfinance Limited (BML) believes that good governance facilitates efficient, effective and entrepreneurial management that can deliver stakeholder value over long term.

Our Corporate Governance philosophy is rooted in our unwavering commitment to digitally deliver a wide range of financial products aimed at enhancing financial services to low-income individuals, entrepreneurs, and underserved communities who lack access to traditional banking. We believe that robust governance practices are essential to achieve our vision and foster trust among our stakeholders.

Our governance framework is built on four key guiding principles: return on capital, ensuring our investments yield optimal returns; return of capital, maintaining financial prudence to safeguard and return capital to our investors; adherence to regulations, upholding the highest standards of regulatory compliance to foster transparency and trust; and protecting our reputation, by conducting our business with integrity and ethical behaviour.

At the heart of our corporate governance philosophy are our six core values: Customer Value, Ownership Mindset, Respect, Integrity, One Team and Excellence. These values guide our actions and decisions, ensuring that we prioritise our customers' needs, encourage accountability and proactive decision-making among our employees, foster a culture of mutual respect, uphold the highest standards of ethical behaviour, work collaboratively towards our goals and continually strive for excellence in all our endeavours.

Our commitment to governance is reflected in our continuous efforts to build and refine processes and systems that enhance our governance framework. We are dedicated to institutionalising best practices and setting up robust systems that ensure accountability, transparency and fairness in all our transactions.

We believe that good corporate governance is a journey of continuous improvement. We strive to exceed these standards through diligent oversight, effective risk management and the fulfilment of our strategic objectives. Our governance processes are designed to meet the aspirations of our stakeholders and to ensure that our business conduct is aligned with our core values.

2. BOARD OF DIRECTORS.

The Board of Directors, along with its Committees, shall provide leadership and guidance to the Company's management and direct, supervise and control the performance of the Company.

The role of the Board is to determine the overall strategic direction and management of the Company, including monitoring its performance. In performing its duties, the Board meets regularly and acts in the best interests of the Company, including its stakeholders.

The Board's primary responsibility is on the direction, control and governance of the Company and in particular, to articulate and commit to a corporate philosophy and governance that will shape the level of risk adoption, standards of business conduct and ethical behaviour on the part of the Company and its functionaries.

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

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 Chief Executive officer ("CEO ") are as follows:

Chairman

The Company has separated the roles of Chairman and the CEO 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.

Chief Executive Officer

The CEO 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 CEO 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 CEO acts as a link between the Board and the Management and is also responsible for leading and evaluating the work of other executive leaders.

Composition of Board

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 Companies - Governance) Direction- RBI/DOR/2025-26/344 DOR.GOV.REC.No.263/18-10-013/2025-26 Dated November 28, 2025 (updated time ("RBI Master Direction"), the Board of the Company has an optimum combination of Executive, Non- Executive ,and Independent Director.

As at March 31, 2026, the Board consists of Twelve (12) Directors, (Including Two Women Directors) consisting of One Executive Director and Eleven (11) Non-Executive Directors out of which Five (5) Directors are Independent Directors. The Chairman of the Board is a Non-Executive- Independent Director.

Composition Analysis

Executive/Non-Executive		Independence		Diversity (Gender)	
Category	%	Category	%	Category	%
Non-Executive Directors	91.67	Independent Directors	41.67	Women	16.67
Executive Directors	8.33	Non-Independent Directors	58.33	Men	83.33

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.

Core Skills/Expertise/Competencies available with the Board

The Board comprises qualified and experienced members from diverse backgrounds who possess the required skills, expertise and competencies that allow them to make effective contributions to the Board, its Committees and the Company's decision-making process.

The following skills/expertise/competencies have been identified for the effective functioning of the Company and are currently available with the Board:

- Banking/Financial Experience;
- Management and Leadership;
- Governance and Regulatory Oversight;
- Risk Management;
- Technology and Innovation;
- Strategy Planning; and
- Consumer Insights and Marketing Exposure

The names, categories, and other details of the Directors as of March 31, 2026, are as follows-

Name of the Director	Category	Number of Directorship in Equity listed entities*	Name of the Listed Entity/ies	Number of Board Committee membership (Out of which as Chairman)#
J Balakrishnan	WTD&CEO	0	_	1
V A George	ID	2	1. Muthoot Finance Ltd 2. Thejo Engineering Ltd	2
K Venkataraman	ID	0	-	1
Chinnasamy Ganesan	ID	1	The Karur Vysya Bank Ltd	4(2)
Rajeswari Karthigeyan	ID	2	1. Craftsman Automation Ltd. 2. Happy Forgings Ltd.	5(1)
V A Prasanth	ID	1	1-Indbank Merchant Banking Services Ltd	1
K R Bijimon	NED	0	-	3(1)
George Alexander	NED	1	Muthoot Finance Ltd	1
George Muthoot Jacob	NED	2	1. Muthoot Finance Ltd 2. V Guard Industries Ltd	3
Vijay Nallan Chakravarthi	NED	1	Northern Arc Capital Ltd	2
Kalpanaa Sankar	NED	0	-	0
C V Sankar	NED	0	-	1

The detailed profiles of the Directors is available on the website of the Company.

*ID: Independent Director; NED: Non-Executive Director; WTD & CEO: Wholetime Director and Chief Executive Officer.

#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 RBI Master Direction, 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.

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 the Act and 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 applicable provisions of the Act SEBI Regulations and RBI Master Direction.

There are no inter-se relationships between the Board members other than

- Mr. George Alexander and Mr. George Muthoot Jacob are cousin and
- Dr. Kalpanaa Sankar and Mr. C V Sankar are spouses

During the financial year 2025–26, the Company has not granted any loans to its Directors or to any firms or companies in which the Directors are interested. Further, the Company did not have any pecuniary relationship or transactions with its Non-Executive Directors during the year.

Board Meetings and Attendance

Number of Board meetings and attendance of Directors

During FY 2025-26, six (6) Board meetings were held, the details of Board meetings and attendance of Directors at these meetings and at the last Annual General Meeting ("AGM") are given below:

Name of the Director	Board Meeting held on						% of Attendance of Director	Last AGM held on September 01,2025
	28/04/2025	18/06/2025	01/08/2025	11/11/2025	10/12/2025	03/02/2026		
K Venkataraman	P	P	P	P	P	P	100	P
V A George	P	P	P	P	P	P	100	P
Chinnasamy Ganesan	P	P	P	P	P	P	100	P
Rajeswari Karthigeyan	P	P	P	P	P	P	100	P
V A Prasanth	P	P	P	P	P	P	100	P
KR Bijimon	P	P	P	P	P	P	100	A
George Alexander	P	P	P	P	A	P	83.33	A
George Muthoot Jacob	P	P	P	P	P	P	100	Yes
Vijay Nallan Chakravarthi	P	P	P	P	P	P	100	A
J Balakrishnan$	NA	NA	NA	P	P	P	100	P
Kalpanaa Sankar@	P	P	P	NA	NA	NA	100	NA
C V Sankar#	NA	NA	NA	NA	NA	NA	-	NA
B Balakumaran*	P	P	P	NA	NA	NA	100	NA
Siva Vadivelazagan**	P	P	P	P	P	NA	100	A
% Attendance at meeting	100	100	100	100	91	100		

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

*Resigned with effective from August 01, 2025

**Resigned with effective from December 31,2025 respectively.

$Appointed as Wholetime Director wef September 01,2025

@Demitted office with effect from August 31, 2025, upon completion of her tenure as Managing Director, and was subsequently reappointed as a Non-Executive Director with effect from February 16, 2026.

#Appointed as a Non-Executive Director with effect from February 16, 2026.

Other than Dr. Kalpanaa Sankar (9066 no's (0.02%)) and Mr. C V Sankar (100 no's) None of the Directors hold any Equity Shares.

Information provided to the Board of Directors

As per the Act, the SEBI LODR Regulations & the RBI Master Directions / Guidelines, which are applicable to the Company from time to time, the Company provides complete information to the Board/ Committees by circulating the detailed notes to agenda along with relevant annexures with sufficient notice well in advance of the date of the Board/Committee meetings, except for the meetings called at a shorter notice for any urgent matters. The Company diligently ensures that the information furnished by the Management to the Board is comprehensive, timely, relevant, and of a very high order. The Board reviews periodical compliances of all applicable Laws, Rules and Regulations and the confirmations submitted by the Management. The members of the Board have a conducive environment to express their opinions on all the matters and the decisions are taken after detailed deliberations.

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. The Independent Directors met on March 24, 2026 without the presence of Non-Independent directors and members of senior management and reviewed performance of non-Independent Directors, performance of Board as a whole, performance of Chairman. They evaluated functioning of the Board, frequency of meetings of the Board and Committees of directors, level of participation of directors at the Board and Committee meetings, independence of judgments, performance of duties and obligations by directors, implementation of good corporate governance. The independent directors assessed the quality, quantity and timeliness of flow of information between the Management of the Company and the Board. The Independent Directors were satisfied with the overall functioning of the Board, its various Committees, Non-Independent Directors and the Chairman.

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.

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

Directors and Officers Insurance

The Company has in place a Directors and Officers Liability Insurance policy (D&O policy) which is renewed every year. The management is of the opinion that the quantum and risk presently covered is adequate.

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, 2026, 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, Customer Service Committee and HR Committee.

The Company's guidelines relating to the Board meetings are applicable to the Committee meetings. The composition and terms of reference of all the Committees are in compliance with the Act Listing Regulations and Master Directions/ guidelines of RBI, as applicable. Minutes of the proceedings of Committee meetings are circulated to the respective Committee members and are also placed before the Board for its noting. During the year, all the recommendations of the Committees were accepted by 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 Audit Committee has been constituted in compliance 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 Four (4) times: April 28, 2025, July 31 2025, November 11, 2025, and February 02, 2026. As at March 31, 2026, the Audit Committee comprises Five (5) 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	28/04/2025	31/07/2025	11/11/2025	02/02/2026	Held during the FY	Attended During the FY	% of Attendance
Chinnasamy Ganesan	Chairman	P	P	P	P	4	4	100
V A George	Member	P	P	P	P	4	4	100
K Venkataraman	Member	P	P	P	P	4	4	100
K R Bijimon	Member	P	P	P	P	4	4	100
B Balakumaran*	Member	P	P	NA	NA	2	2	100
Rajeswari Karthigeyan	Member	P	P	P	P	4	4	100
% Attendance at Meeting		100	100	100	100	100		

* Ceased to be a member wef August 01, 2025.

❖ NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors has been constituted in compliance with 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.

During the year under review, Nomination and Remuneration Committee met (4) Four times on June 18, 2025, July 31, 2025, October 03, 2025, and February 02, 2026. As at March 31, 2026, the Nomination and Remuneration Committee comprises three (3) members, the majority of whom are Independent Directors. 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	28/06/2025	31/07/2025	03/10/2025	02/02/2026	Held during the FY	Attended During the FY	% of Attendance
V A George	Chairman	P	P	P	P	4	4	100
George M Jacob	Member	P	P	P	P	4	4	100
K Venkataraman	Member	P	P	P	P	4	4	100
% Attendance at Meeting		100	100	100	100			

REMUNERATION OF DIRECTORS

Remuneration Policy

The success of any organisation in achieving good performance and governance depends on its ability to attract quality individuals on the board. Board of Directors of the Company aligns the remuneration of Directors with the long-term interest of the Company and its stakeholders. The non-executive Directors were paid sitting fees for the Board and Committee Meetings attended.

The Company is being benefited from the expertise, advice and inputs provided by the Independent Directors. The Independent Directors devote their valuable time in deliberating on the strategic and critical issues in the course of the Board and Committee meetings of the Company and give their valuable advice, suggestion and guidance to the management of the Company from time to time. There are no other pecuniary relationships or transactions of Non-Executive Directors with the Company.

The Managing Director/Wholetime Director/ Chief Executive 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.

The shareholders of the Company, at the Extra-Ordinary General Meeting held on February 16, 2026, have approved the payment of remuneration of ₹1,00,000 per month to Mr. Krishnamoorthy Venkataraman, Non-Executive Chairman (Independent Director), with effect from December 1, 2025, for the remaining tenure of his current term of appointment, in addition to sitting fees and reimbursement of expenses for attending meetings of the Board, its Committees, or any other meetings.

The details of remuneration paid to Managing Director/Wholetime Director of the Company for the year ended March 31, 2026, are as follows:

SI.No.	Particulars of Remuneration	Mr. J Balakrishnan CEO& Wholetime Director# (₹)	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	74,33,000	87,59,000	14,74,665
2	Other Perquisites	-	40,91,563	-
	Total (A)	74,33,000	1,28,50,563	14,74,665
	Ceiling as per the Act	As per Limits under Schedule V of the Companies Act 2013		

#Appointed as CEO wef June 18,2025 & Wholetime Director wef September 01,2025, hence salary has been disclosed wef June,2025

*Demitted office as Managing Director effectively from August 31, 2025.

**Resigned with effective from August 01, 2025.

The details of sitting fees/ remuneration paid to Non – Executive, Independent Directors for attending the meeting of the Board and relevant Committees during the Financial Year 2025-26 are as under:

Name of the Director	Sitting Fees Paid (₹)		Remuneration paid (₹)	Total (₹)
	Board Meeting	Committee Meeting		
K Venkataraman	6,00,000	7,00,000	4,00,000	17,00,000
V A George	6,00,000	6,00,000	-	12,00,000
Chinnasamy Ganesan	6,00,000	6,00,000	-	12,00,000
Rajeswari Karthigeyan	6,00,000	6,70,000	-	12,70,000
V A Prasanth	6,00,000	2,00,000	-	8,00,000
KR Bijimon	6,00,000	4,70,000	-	10,70,000
George Alexander	5,00,000	4,50,000	-	9,50,000
George Muthoot Jacob	6,00,000	2,00,000	-	8,00,000
Vijay Nallan Chakravarthi	6,00,000	4,50,000	-	10,50,000
Siva Vadivelalagan	-	-	-	-
Kalpanaa Sankar	-	-	-	-
C V Sankar	-	-	-	-
Total	**53,00,000**	**43,40,000**	**4,00,000**	**1,00,40,000**

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.

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 NRC has devised the criteria for evaluation of the performance of the Directors including the Independent Directors. The said criteria specifies certain parameters like attendance, acquaintance with business, communication inter se between Board members, effective participation, domain knowledge, compliance with code of conduct, vision and strategy, benchmarks established by global peers etc., which is in compliance with applicable laws, regulations and guidelines.

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

Stakeholders Relationship Committee has been constituted in compliance with Section 178(5) of the Act and Regulation 20 of the SEBI Listing Regulations, inter alia 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.

During the year under review, the SRC met once on February 02, 2026. As at March 31, 2026, the Stakeholders' Relationship Committee ("SRC") comprises of four (4) members, including one (1) Independent Director .

The composition of the Committee along with Details of the attendance are given below:

Name of Directors	Designation in the Committee	02/02/26	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
Vijay Nallan Chakravarthi	Member	P	1	1	100
J Balakrishnan*	Member	P	1	1	100
Kalpanaa Sankar#	Member	NA	NA	NA	NA
% Attendance at Meeting		100			

*Appointed as member wef November 11,2025

#Ceased to be a member wef August 31,2025

Status of Investor Complaints:

Pursuant to Regulation 13(3) of SEBI Listing Regulations, the status of investor complaints received and redressed during the FY 2025-26 are as follows:

S.No	Particulars	Equity	NCDs
1	Number of investor complaints pending at the beginning of the year (i.e. 01/04/2025)	0	0
2	Number of investor complaints received during the year (i.e. 01/04/2025 to 31/03/2026)	0	0
3	Number of investor complaints redressed during year (i.e. 01/04/2025 to 31/03/2026)	0	0
4	Number of investor complaints remaining unresolved at the end of the year (i.e. 31/03/2026)	0	0

❖ RISK MANAGEMENT COMMITTEE

The Risk Management Committee has been constituted in compliance with the RBI Master Directions.

The Company has formulated a well-established and detailed risk assessment and minimization procedures as prescribed under applicable laws. The functions of the Risk Management Committee inter-alia, include monitoring and reviewing of risk management plan, risk management policy, operational risk, credit risk, integrity risk, etc., and initiate strategic actions in mitigating risks associated with the business. The risk assessment and mitigation measures are reviewed by the Board periodically. 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. The Chief Risk officer of the Company shall be be a permanent invitee to the Committee.

During the year under review, the Risk Management Committee met (4) Four times on April 24, 2025, July 28, 2025, October 23, 2025, and January 29, 2026. As at March 31, 2026, the Risk Management Committee of the Board comprises Four (4) members including two (2) Independent Directors. The details of the attendance of the Directors at the Risk Management Committee meetings are given below:

Name of Directors	Designation In the Committee	24/04/2025	28/07/2025	23/10/2025	29/01/2026	Held during the FY	Attended During the FY	% of Attendance
K Venkataraman*	Chairman	P	NA	NA	NA	1	1	100
Rajeswari Karthigeyan#	Chairperson	P	NA	P	P	3	3	100
Chinnasamy Ganesan	Member	P	P	P	P	4	4	100
George Alexander	Member	P	P	P	P	4	4	100
Vijay Chakravarthi Nallan	Member	P	P	P	P	4	4	100
B Balakumaran**	Member	P	P	NA	NA	2	2	100
Kalpanaa Sankar ***	Member	P	A	NA	NA	2	1	50
J Balakrishnan##	Member	NA	NA	NA	P	1	1	100
% Attendance at Meeting		100	83	100	100			

*Ceased to be a member of the Committee wef April 28,2025
Co-opted as member (Chairperson) wef April 28,2025
** Ceased to be a member wef August 01, 2025.
*** Ceased to be a member wef August 31,2025
Appointed as member wef November 11,2025

❖ CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility Committee has been constituted in in compliance with Section 135 of the Act. 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.

During the year under review, CSR Committee met once during the year on June 12, 2025. As at March 31, 2026, the CSR Committee comprises four (4) members including one (1) Independent Director. The details of the attendance of the Directors at the CSR Committee meetings are given below:

Name of Directors	Designation in the Committee	12/06/2025	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	P	1	1	100
Rajeswari Karthigeyan**	Member	P	1	1	100
J Balakrishnan#	Chairman	NA	-	-	-
Chinnasamy Ganesan@	Member	NA	-	-	-
% Attendance at Meeting		100			

* Ceased to be a member wef August 01, 2025.

** Ceased to be a member wef November 11,2025

Appointed as member (Chairman) wef November 11,2025

@Appointed as member wef November 11,2025

❖ INFORMATION TECHNOLOGY (IT) STRATEGY COMMITTEE

The IT Strategy Committee has been constituted in compliance 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.

During the year under review, the committee met four times on June 27, 2025, September 19, 2025, December 12, 2025, and March 23, 2026 .As at March 31, 2026, the IT Strategy Committee comprises of (5) five members including (1) one independent Director and Chief Technology officer (CTO).

Name of Directors	Designation In the Committee	27/06/2025	19/09/2025	12/12/2025	23/03/2026	Held during the FY	Attended During the FY	% of Attendance
VA Prasanth	Chairman	P	P	P	P	4	4	100
Kalpanaa Sankar*	Member	A	NA	NA	NA	1	0	0
J Balakrishnan#	Member	NA	NA	P	P	2	2	100
George Alexander	Member	P	P	P	P	4	4	100
Vijay Chakravarthi Nallan	Member	P	P	P	P	4	4	100
Dhanasekaran S	Member (CTO)	P	P	P	P	4	4	100
% Attendance at Meeting		80	100	100	100			

* Ceased to be a member wef August 31, 2025.

Appointed as member wef November 11,2025

❖ FINANCE COMMITTEE

The Finance Committee has been constituted to, inter alia: borrow money or avail credit facilities in any form whatsoever up to the limits approved by the shareholders., issue and allot debt securities for the purpose of raising debt, and) approve lending interest rates.

During the year under review,the Finance Committee met Sixteen (16) times on April 15, 2025, April 25, 2025, May 28, 2025, June 11, 2025, June 17, 2025, June 27, 2025,July 30, 2025, August 06, 2025, August 12, 2025, September 19, 2025, September 25, 2025, November 27, 2025, December 20 and 2025, December 30, 2025, March 04, 2026 and March 19,2026.

As at March 31, 2026, the Finance Committee comprises of (2) two members.

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
B Balakumaran*	Member	7	7	100
K R Bijimon[$]	Member	9	9	100
Kalpanaa Sankar**	Chairperson	9	9	100
J Balakrishnan[#]	Chairman	7	7	100

*Ceased to be a member wef August 01, 2025.

$ Appointed as member wef August 01,2025

**Ceased to be a member wef August 31, 2025.

#Appointed as member (Chairman) wef September 05, 2025

❖ **CUSTOMER SERVICE COMMITTEE**

The Customer Service Committee has been constituted pursuant to the applicable guidelines issued by the Reserve Bank of India to, inter alia, monitor customer service practices, review grievance redressal systems, ensure timely and effective resolution of customer complaints, and drive continuous improvement in the quality of services rendered, thereby enhancing customer satisfaction across all categories.

During the year under review, the Customer Service Committee met twice on December 13, 2025 and March 23,2026 . As at March 31, 2026, the Customer Service Committee comprises three (3) members including one (1) Independent Director.

The details of the attendance of the Directors at the Customer Service Committee meetings are given below:

Name of Directors	Designation In the Committee	13/12/2025	23/03/2026	Held during the FY	Attended During the FY	% of Attendance
Rajeswari Karthigeyan	Chairperson	P	P	2	2	100
K R Bijimon	Member	P	P	2	2	100
J Balakrishnan	Member	P	P	2	2	100
% Attendance at Meeting		100	100	100		

❖ **HUMAN RESOURCES (HR) COMMITTEE**

The Human Resources Committee of the Board has been constituted to oversee and guide the Company's human resources strategy, ensuring alignment with its overall business objectives and regulatory requirements, and to oversee the implementation of HR-related policies.

The Committee has formulated its charter, which, inter alia, addresses the criteria for identifying individuals qualified for appointment to senior management positions and the periodic review of succession planning for the Board and senior management. These attributes are considered while nominating candidates for senior management roles.

During the year under review, the HR Committee met once on January 07, 2026. As at March 31, 2026, the HR Committee comprises Four (4) members including Two (2) Independent Directors.

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

Name of Directors	Designation In the Committee	Held during the FY	Attended During the FY	% of Attendance
K Venkataraman	Chairman	1	1	100
Rajeswari Karthigeyan	Member	1	1	100
George Alexander	Member	1	1	100
J Balakrishnan	Member	1	1	100
% Attendance at Meeting		100		

❖ **OTHER REGULATORY MANAGEMENT COMMITTEES**

Asset Liability Management Committee (ALCO)

The Asset Liability Committee has been constituted in compliance with Reserve Bank of India directions/guidelines to oversee the implementation of the Asset Liability Management system and review its functioning periodically.

The CEO and Wholetime Director chair the committee, which meets at least once every month. The Chief Financial Officer, Deputy Chief Financial Officer, Chief Risk Officer, Chief Technology Officer, Business Head, and Chief Compliance Officer are members of the committee.

The e 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 has been constituted for monitoring and follow-up cases of fraud in compliance with the provision of RBI Master Direction No RBI/DOS/2024-25/120DOS.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 meets at least once every month to discuss frauds detected during the period and reviews and classifies such frauds upon approval and authorizes their reporting in FMR-1 to the RBI.

The Committee also examines the root cause analysis of all identified frauds and deliberates on preventive measures to mitigate and avoid recurrence.

The committee is chaired by CEO & Wholetime Director. The Business heads , Chief Risk Officer, Legal Head , Business HR & Chief 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
2024-25	37th AGM	At the Corporate Office of the Company Through Video Conferencing (“VC”) / Other Audio-Visual Means (“OAVM”)	September 01,2025 at 3.00 P.M	1
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

Extraordinary General Meeting during FY 2025-26:

AGM	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")	July 18, 2025, at 3.00 P.M	1
2nd EGM	At the Registered Office of the Company Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")	February 16, 2026, at 02.30 P.M	2

5. POSTAL BALLOT

There was no voting through postal ballot during the FY 2025-26. 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. They are user-friendly and can be downloaded at www.belstar.in.

Annual Report:

The Annual Report is circulated to the members. The Management Discussion and Analysis Report and Corporate Governance Report forms part of the Annual Report. The Annual Reports is available on the website.

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	:	July 24, 2026
Financial Year	:	April 01, 2025 to March 31, 2026
Website:	:	https://belstar.in.

Address of Correspondence

Mr. Sunil Kumar Sahu, Company Secretary

Registered & Corporate Office	:	Belstar Microfinance Limited M V Square, No. 4/14 Soundara Pandian Street, Ashok Nagar, Chennai - 600 083.

Dematerialization of Shares

100% of the shares of the Company are held in Demat form as on March 31, 2026 (ISIN: INE443L01011).

Distribution of Shareholding as on March 31, 2026

Category	No of Shares	%
Promoters and Promoter Group Holding	4,01,97,853	73.3
Other Investors	1,46,46,202	26.7
Total	5,48,44,055	100

Debenture Trustee Details:

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

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 2249186000, Website: www.in.mpms.mufg.com
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, 2026, 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, 2026, 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. During the year, the Company had entered related party transactions on arms' length basis & in the ordinary course of business, which has been approved by the Audit Committee and 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
No penalties or strictures was imposed on the Company by any 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.

Credit Rating

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

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 2025-26.

Details of auctions conducted during the year including number of loan accounts, outstanding amounts, value fetched and whether any of the sister concerns participated in the auctions: Nil

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 Act,. The financial statements for the year have been prepared in accordance with Schedule III to the Act.

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 Act.

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.

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 2025-26 for all the services rendered by them is given below:

Particulars	Amount (₹ in millions)
Statutory audit fees	2.29
Limited Review & Tax Audit	1.31
Total	**3.60**

Separate posts of Chairperson and the Managing Director or the Chief Executive Officer:
The Company has complied with the requirement of having separate persons for the position of Chairman and Chief Executive Officer & Wholetime Director. Mr. K Venkatraman is the Chairman of the Company, Mr. J Balakrishnan is the Chief Executive Officer & Wholetime Director of the Company during FY26.

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 Act.

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 31,2026. 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, 2026. The same is annexed as **Annexure-B** to this report.

Certificate from Company Secretary in Practice.
KSR & Co Company Secretaries LLP, 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 KSR & Co Company Secretaries LLP, 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/-	Sd/-
K Venkataraman	**J Balakrishnan**
Non-Executive Chairman	Wholetime Director & CEO
DIN: 02443410	DIN :10409525

Place : Chennai
Date : May 05, 2026

Annexure- A

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

To: The Members of Belstar Microfinance Limited

I hereby confirm that the Company has obtained from all the members of the Board and designated senior management employees of the Company, affirmation that they have complied with the "Code of Conduct for Board Members and Senior Management" ("Code") of the Company for the financial year ended March 31, 2026.

Sd/-
J Balakrishnan
Wholetime Director & CEO
DIN :10409525

Place : Chennai
Date : May 05, 2026

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, J Balakrishnan, Chief Executive Officer 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, 2026, 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.

For and on behalf of the Board of Directors

Place : Chennai		Sd/- **J Balakrishnan** Chief Executive Officer	Sd/- **Mr. L. Muralidharan** Chief Financial Officer
Date : May 05, 2026			

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
M V Square, No 4/14, Soundarapandian Street, 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.

This Certificate is being issued at the specific request of the Company though there is no statutory or regulatory need. With effect from January 22, 2026, the Company is not required to comply with the provisions of Chapter IV relating to Regulations 15 to 27 of the Listing Regulations.

In our opinion and to the best of our knowledge and based on such examination/verifications including Directors Identification Number (DIN) status at the portal www.mca.gov.in as well as information and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on March 31, 2026 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 as applicable under the relevant provisions of Companies Act, 2013.

SN	DIN	Name	Designation	Date of Appointment / Re-appointment or Cessation
1.	2443410	Krishnamoorthy Venkataraman	Independent Director & Chairman	23/09/2019 23/09/2024 (Re-appointment)
2.	1926545	Kalpanaa Sankar[1]	Non-Executive Director	16/02/2026
3.	23071	Kuttickattu Rajappan Bijimon	Non-Executive Director	27/06/2016
4.	1493737	Vadakkakara Antony George	Independent Director	18/08/2018 18/08/2023 (Re-appointment)
5.	18384	George Alexander	Non-Executive Director	29/03/2017
6.	18955	George Muthoot Jacob	Non-Executive Director	29/03/2017
7.	10051618	Rajeswari Karthigeyan	Independent Director	19/12/2023
8.	7615862	Chinnasamy Ganesan	Independent Director	14/03/2020 14/03/2025 (Re-appointment)
9.	8020248	Vijay Chakravarthi Nallan	Non-Executive Director	29/03/2022
10.	8242283	Siva Chidambaram Vadivel Alagan[2]	Non-Executive Director	03/08/2023
11.	9099182	Balasubramanian Balakumaran[3]	Whole-time Director	29/04/2021
12.	7583586	Vadakke Anavanghot Prasanth[4]	Independent Director	28/04/2025
13.	10409525	Jayaraman Balakrishnan[5]	Whole-time Director	01/09/2025
14.	703204	Chandrasekhara Puram Viswanathan Sankar[6]	Non-Executive Director	16/02/2026

1. Mrs. Kalpanaa Sankar ceased to be the Managing Director of the Company with effect from 31st August 2025. Further she was appointed as Non-executive Non-Independent Director of the Company with effect from 16th February, 2026.
2. Mr. Siva Chidambaram Vadivel Alagan resigned from the Board with effect from 31st December 2025.
3. Mr. Balasubramanian Balakumaran ceased to be the Whole Time Director of the Company with effect from 01st August 2025.
4. Mr. Vadakke Anavanghot Prasanth was appointed as independent director of the company with effect from 28th April, 2025, which was later approved by the members in the Extra-ordinary general Meeting held on 18th July, 2025.
5. Mr. Jayaraman Balakrishnan was appointed as Whole-time director of the Company with effect from 01st September, 2025 as approved by the members in Annual general Meeting held on 01st September, 2025.
6. Mr. Chandrasekhara Puram Viswanathan Sankar is appointed as Non-executive Non-Independent Director of the Company with effect from 16th February, 2026.

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 **KSR & Co Company Secretaries LLP**

Sd/-
Dr.C.V.Madhusudhanan
Partner
FCS: 5367; CP: 4408
FRN: P2008TN006400
Peer Review No.2635/2022
UDIN: F005367H000282094

Place : Coimbatore
Date : May 05, 2026

Annexure- D

CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Members,
Belstar Microfinance Limited
CIN: U06599TN1988PLC081652
M V Square, No 4/14, Soundarapandian Street, Ashok Nagar,
Chennai, Tamil Nadu - 600083

We have examined documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and all the relevant records for certifying the compliance of conditions of Corporate Governance by Belstar Microfinance Limited (CIN: U06599TN1988PLC081652) (the Company) for the year ended March 31, 2026.

This Certificate is being issued at the specific request of the Company though there is no statutory or regulatory need. It is clarified that neither Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) is applicable to the Company nor there is a need for issuance of this certificate under any of the Regulations under Chapter V of the Listing Regulations.

Management's Responsibility

The compliance of conditions of ensuring corporate governance, as is applicable to the Company in accordance with regulations under Chapters V of the Listing Regulations, is the responsibility of the management. The management along with the Board of Directors are responsible in implementation and maintenance of internal control and procedures to ensure compliance with conditions of corporate governance as stated in the Listing Regulation.

With effect from 21st January, 2026 the requirement of compliance of Regulations 15 to 27 of the Chapter IV of the Listing Regulations do not apply to the Company, however the Company has chosen voluntarily adopt those regulations for better governance until the end of March 31, 2026.

Our Responsibility

Our examination was limited to the verification of compliance of said provisions of the Listing Regulations despite their voluntary adoption by the Company. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Our Opinion

In our opinion and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of Corporate Governance voluntarily adopted by the Company as per Regulations 15 to 27 of the Listing Regulations.

This certificate 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 **KSR & Co Company Secretaries LLP**

Sd/-
Dr.C.V.Madhusudhanan
Partner
FCS: 5367; CP: 4408
FRN: P2008TN006400
Peer Review No.2635/2022
UDIN: F005367H000282160

Place : Coimbatore
Date : May 05, 2026

FINANCIAL STATEMENTS

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, 2026, 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, 2026, 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, 2026. 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
Assessment of impairment loss allowance based on expected credit loss (ECL) on Loans (Refer Note 9 of Financial statements) Under Ind AS 109 - Financial Instruments, credit loss assessment is based on expected credit loss (ECL) model. 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. The determination of impairment loss allowance is inherently judgmental and relies on managements' best estimate due to the following: Segmentation of loans given to the customer. Criteria selected to identify significant increase in credit risk. Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD") and the completeness and accuracy of that data. Use of management judgement for considering the forward looking macro-economic factors economic environment and timing of cash flows. 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. 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.	The audit procedures performed by us to assess appropriateness of the impairment allowance based on ECL on loans included the following: 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.; ii. the completeness and accuracy of source data used by the Management in the ECL computation; and ECL computations for their reasonableness. 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. We test-checked the completeness and accuracy of source data used. 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.

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 31,2026 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, 2026 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, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 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(a) 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 31,2026.

iv. a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note No. 58.6 to the financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies s), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate

Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note No. 58.6 to the financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c) Based on the audit procedures performed by us that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The company has not declared or paid any dividend during the year.

vi. As stated in Note 58.8 to the financial statements and according to the information and explanations given to us by the Company and based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2026 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)

Sd/-
S Usha
Partner
Membership No. 211785
UDIN: 26211785BPEOAU8698

Date : 05.05.2026
Place : Chennai

ANNEXURE - A

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, 2026.

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, 2026 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, 2026, is ₹4022.08 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 as at March 31, 2026

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, 2026 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, 2026 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 ₹6,149.18 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. 57 to the accompanying financial statements.

b) No report under Section 143(12) of the Act has been filed in Form ADT-4 regarding any frauds, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

c) According to the information and explanations given to us and the records of the Company examined by us, the Company has not received whistle-blower complaints during the year and hence, reporting on clause 3(xi)(c) of the Order is not applicable.

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,

a) 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.

b) 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.

c) 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.

d) 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)

Sd/-
S Usha
Partner
Membership No. 211785
UDIN: 26211785BPEOAU8698

Date : 05.05.2026
Place : Chennai

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, 2026

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, 2026 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, 2026, 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)

Sd/-
S Usha
Partner
Membership No. 211785
UDIN: 26211785BPEOAU8698

Date : 05.05.2026
Place : Chennai

Balance Sheet as at March 31, 2026

(₹ In millions)

Particulars	Note No	As at March 31, 2026	As at March 31, 2025
I ASSETS			
1. Financial assets			
a) Cash and cash equivalents	6	4,810.23	5,155.11
b) Bank Balance other than (a) above	7	1,062.91	296.40
c) Receivables			
(I) Trade Receivables	8	0.56	0.78
d) Loans	9	68,125.81	67,289.21
e) Investments	10	449.78	588.72
f) Other Financial assets	11	1,031.20	748.45
2. Non-financial Assets			
a) Current tax assets (Net)	40	93.06	73.89
b) Deferred tax assets (Net)	41	1,195.84	1,322.49
c) Investment Property	12	1.10	1.10
d) Property, Plant and Equipment	13	133.19	47.35
e) Right-of-use assets	14	1.32	15.98
f) Intangible assets under development	15	1.41	2.97
g) Other Intangible assets	16	3.45	3.51
h) Other non financial assets	17	370.25	337.84
Total Assets		**77,280.11**	**75,883.80**
II LIABILITIES AND EQUITY			
Liabilities			
1. Financial Liabilities			
a) Payables			
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	18	4.14	2.96
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	18	139.77	75.35
(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	400.89	280.35
b) Debt Securities	19	2,976.95	541.67
c) Borrowings (other than debt securities)	20	52,281.35	52,816.59
d) Subordinated Liabilities	21	2,129.24	2,812.91
e) Lease liabilities	46 B	1.95	18.88
f) Other Financial liabilities	22	1,179.18	1,439.11
2. Non-financial Liabilities			
a) Provisions	23	139.34	83.56
b) Other non-financial liabilities	24	75.64	100.74
EQUITY			
a) Equity share capital	25	548.44	548.44
b) Other equity	26	17,403.22	17,163.24
Total Liabilities and Equity		**77,280.11**	**75,883.80**

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)

Sd/-
S Usha
Partner
Membership No. 211785

Date : 05.05.2026
Place : Chennai

For and on behalf of Board of Directors

Sd/-
K Venkataraman
Non-Executive Chairman
(DIN. 02443410)

Sd/-
J Balakrishnan
Wholetime Director & Chief Executive Officer
(DIN. 09099182)

Sd/-
L Muralidharan
Chief Financial Officer

Sd/-
Sunil Kumar Sahu
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2026

(₹ In millions)

	Particulars	Note No	For the Year ended March 31, 2026	For the Year ended March 31, 2025
	Revenue from operations			
	(i) Interest income	29	16,894.15	20,029.00
	(ii) Fee and commission income	30	170.23	3.23
	(iii) Net gain on fair value changes	31	90.49	224.98
	(iv) Net gain on de-recognition of financial instruments under amortised cost category	32	638.43	759.63
(I)	**Total Revenue from operations**		**17,793.30**	**21,016.84**
(II)	Other Income	33	496.47	233.04
(III)	**Total Income (I + II)**		**18,289.77**	**21,249.88**
	Expenses			
	(i) Finance costs	34	5,717.82	6,913.33
	(ii) Fee and commission expense	35	-	112.76
	(iii) Net loss on fair value changes	31	-	-
	(iv) Impairment of financial instruments	36	5,501.34	8,190.81
	(v) Employee benefit expenses	37	4,651.36	3,868.63
	(vi) Depreciation, amortization and impairment	38	72.01	98.25
	(vii) Other expenses	39	1,971.19	1,557.29
(IV)	**Total Expenses (IV)**		**17,913.72**	**20,741.07**
(V)	**Profit/(loss) before tax (III - IV)**		**376.05**	**508.81**
(VI)	**Tax Expense:**			
	(i) Current tax	40	-	777.81
	(ii) Deferred tax	41	129.02	(732.87)
(VII)	**Profit/(loss) for the year (V - VI)**		**247.03**	**463.87**
	Other Comprehensive Income			
(VIII)	**A) Items that will not be classified to profit or loss**			
	(i) Actuarial Gain/(Loss) on defined benefit obligation		(9.42)	1.07
	(ii) Changes in value of forward element of forward contract		-	-
	(iii) Tax impact thereon	41	2.37	(0.27)
	Subtotal (A)		**(7.05)**	**0.80**
	B) Items that will be classified to profit or loss			
	(i) Fair value gain/ (loss) on Financial instruments measured at FVOCI		-	-
	(ii) Effective portion of gain on Hedging Instruments in Cash Flow Hedges		-	-
	(iii) Tax impact thereon		-	-
	Subtotal (B)		**-**	**-**
	Other Comprehensive Income (A + B)		**(7.05)**	**0.80**
(IX)	**Total Comprehensive Income for the year (VII + VIII)**		**239.98**	**464.67**
(X)	**Earnings per equity share (Face Value - ₹ 10 per share)**	**42**		
	Basic (₹)		4.50	8.46
	Diluted (₹)		4.50	8.46

The accompanying notes are an integral part of the financial statements

As per our Report of even date
For SUNDARAM & SRINIVASAN
Chartered Accountants
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S Usha
Partner
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Wholetime Director & Chief Executive Officer
(DIN. 09099182)

Sd/-
L Muralidharan
Chief Financial Officer

Sd/-
Sunil Kumar Sahu
Company Secretary

Cash Flow Statement for the year ended March 31, 2026

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Operating activities		
Profit before tax	**376.05**	**508.81**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	72.01	98.25
Impairment on financial instruments	5,501.34	8,190.81
Finance cost	5,717.82	6,913.33
Net loss on fair value changes	-	-
Net gain on fair value changes	(90.49)	(224.98)
Interest income on deposits	(144.85)	(261.67)
Profit / (Loss) on sale of asset	0.51	0.90
Operating Profit Before Working Capital Changes	**11,432.39**	**15,225.45**
Working capital changes		
(Increase) / Decrease in Trade receivables	0.22	11.82
(Increase) / Decrease in Loans	(6,337.94)	7,794.89
(Increase) / Decrease in Other financial asset	(299.35)	829.77
(Increase) / Decrease in Other non financial asset	(32.40)	(152.69)
Increase / (Decrease) in Trade and Other payables	186.15	(72.23)
Increase / (Decrease) in Other liabilities	(276.97)	(1,117.23)
Increase / (Decrease) in Provision	46.36	40.90
Cash flows from/(used in) operating activities before tax	**4,718.46**	**22,560.68**
Interest paid on borrowings	(5,727.23)	(7,132.42)
Income tax paid	-	(343.38)
Net cash flows from/(used in) operating activities	**(1,008.77)**	**15,084.88**
Investing activities		
Acquisition of fixed and intangible assets	(144.85)	(58.57)
Net gain on fair value changes	(279.02)	140.94
Proceeds from sale of fixed assets	2.00	0.86
Net (Investment) in / Redemption of Government Securities	-	-
Net (Investment) in / Redemption security receipts (ARC)	508.44	(504.67)
Redemption / (Investment) in fixed deposits	(766.51)	98.54
Interest received on deposits	161.45	249.91
Net cash flows from/(used in) investing activities	**(518.49)**	**(72.98)**
Financing activities		
Proceeds from issue of shares	-	-
Proceeds from / (Repayment) of borrowings	1,199.46	(16,712.24)
Interest paid on Lease liabilities	(0.92)	(3.77)
Payment towards Lease liabilities	**(16.16)**	**(42.65)**
Dividend paid on equity shares	-	**(41.13)**
Net cash flows from financing activities	**1,182.38**	**(16,799.79)**
Net increase in cash and cash equivalents	**(344.88)**	**(1,787.89)**
Cash and cash equivalents at beginning of the Year	**5,155.11**	**6,943.00**
Cash and cash equivalents at end of the year	**4,810.23**	**5,155.11**

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
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(DIN. 09099182)

Sd/-
L Muralidharan
Chief Financial Officer

Sd/-
Sunil Kumar Sahu
Company Secretary

Statement of Changes in Equity for the year ended March 31, 2026

A . Equity Share Capital

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the beginning of the current reporting period	**548.44**	**548.44**
Changes in equity share capital during the current year -Share Issue	-	-
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 Redemption Reserve (CRR)	Securities Premium	General Reserve	Remeasurement gain/ (loss) of defined benefit plans	Retained Earnings	Changes in value of forward element of forward contract	Effective portion of Cash Flow Hedges	Financial instruments measured at FVOCI	Total
As at March 31, 2026										
Balance at the beginning of the reporting period	**1,679.29**	**500.00**	**9,014.60**	**2,092.79**	**(23.22)**	**3,899.78**	**-**	**-**	**-**	**17,163.25**
Total Comprehensive Income for the current year	-	-	-	-	(7.05)	247.02	-	-	-	239.97
Dividends	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	49.40	-	-	-	-	(49.40)	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	-	-	-	-	-
Premium on Issue of Shares	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	**1,728.69**	**500.00**	**9,014.60**	**2,092.79**	**(30.27)**	**4,097.40**	**-**	**-**	**-**	**17,403.22**
As at March 31, 2025										
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**

The accompanying notes are an integral part of the financial statements

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For SUNDARAM & SRINIVASAN
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S Usha
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Sd/-
L Muralidharan
Chief Financial Officer

Sd/-
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 4/14, M V Square, Soundarapandian Street, 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) and Gold Loan (GL) 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, 2026

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, 2026 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, 2026 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.

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.

Further, Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025 issued vide RBI/DOR/2025-26/356 DOR. STR. REC. No. 275/21.04.048/2025-26 dated November 28 2025 (Updated as on February 13, 2026) mandates that NBFCs must classify non-performing exposures at the borrower level rather than at the individual facility level. This guidance has significant implications for asset classification—specifically, if any facility of a borrower remains overdue for more than 90 days, the entire exposure to the borrower must be classified as Stage 3 (credit-impaired). Therefore, any instance where such accounts are not treated as impaired must be supported by a strong rationale.

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.

For those pools where historical information is not available, the PD/default rates as stated by external reporting agencies is considered.

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.

The same methodology is applied to all gold loan accounts classified under Stage 2, where a lifetime PD is considered, in line with the expected credit loss framework as per applicable accounting standards.

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.

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and like Gold Jewelers / ornaments etc. However, the fair value of collateral affects the calculation of ECL. The collateral is majorly the property for which the loan is given. The fair value of the same is based on data provided by third party or management judgements.

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 represent 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 Rs. 5,000 is fully depreciated by the company in the year of its capitalisation.

The estimated useful lives are as follows:

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

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

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.

3.15.3 Accumulated Compensated absences

The Company recognises liability towards accumulated compensated absences for eligible employees based on management's assessment of the expected obligation at the end of each reporting period. The related expense is recognised in the Statement of Profit and Loss in the period in which the obligation arises.

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, 2026, there are no Ind AS Standards/amendments that have been issued but are not yet effective.

6: Cash and cash equivalents

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Cash on hand	36.66	62.84
Balances with Banks		
- in current accounts	2,548.43	2,184.84
- in deposit accounts with Original maturity of less than 3 months	2,225.14	2,907.43
Total	**4,810.23**	**5,155.11**

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, 2026	As at March 31, 2025
Deposits with original maturity of more than three months but less than twelve months.	403.63	111.40
Balances with banks to the extent held as security against borrowings #	659.28	185.00
Total	1,062.91	296.40

 # Represents deposits maintained as cash collateral against term loans availed from banks and financial institutions and earn interest at the respective fixed deposit rates.
The amount of Fixed deposits above does not include interest accrued aggregating to ₹29.31millions (March 31, 2025: ₹45.9 millions) disclosed separately under Other financial assets

Notes forming part of the Ind AS Financial Statements

8: Trade Receivables

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade receivables		
Receivable considered good - Secured	-	-
Receivable considered good - Unsecured	0.56	0.78
Receivables which have significant increase in credit risk	-	-
Receivables - Credit impaired	-	-
Total	**0.56**	**0.78**
Provision for impairment :		
Receivable considered good - Unsecured	-	-
Receivables which have significant increase in credit risk	-	-
Receivables - credit impaired	-	-
Total Net receivable	**0.56**	**0.78**

Trade receivables includes receivable from related party as of March 31, 2026 - ₹ 0.44 million and as of March 31, 2025 - ₹ 0.25 million. 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, 2026, ₹ Nil, and Year ended March 31, 2025 - ₹ Nil was recognised as provision for expected credit losses on trade receivable.

Ageing of Trade Receivables

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade receivables		
Undisputed Trade Receivable - Considered Good		
- Less than 6 months	-	0.27
- 6 months - 1 years	0.56	0.51
- 1 - 2 years	-	-
- 2 - 3 years	-	-
- More than 3 years	-	-
Total	**0.56**	**0.78**

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, 2026			As at March 31, 2025		
	Amortised Cost	Fair value Through OCI	Total	Amortised Cost	Fair value Through OCI	Total
(A)						
i) Receivables under financing activities	72,607.98	-	72,607.98	71,928.19	-	71,928.19
ii) Staff Loan	2.35	-	2.35	3.73	-	3.73
Total (A) - Gross	**72,610.33**	**-**	**72,610.33**	**71,931.92**	**-**	**71,931.92**
Less : Impairment loss allowance	(4,484.52)	-	(4,484.52)	(4,642.71)	-	(4,642.71)
Total (A) - Net	**68,125.81**	**-**	**68,125.81**	**67,289.21**	**-**	**67,289.21**
(B)						
I) Secured by tangible assets and intangible assets	1,633.19	-	1,633.19	38.38	-	38.38
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-
III) Unsecured			-			-
i) Receivables under financing activities	70,974.79	-	70,974.79	71,889.81	-	71,889.81
ii) Staff loan	2.35	-	2.35	3.73	-	3.73
Total (III) - Gross	**70,977.14**	**-**	**70,977.14**	**71,893.54**	**-**	**71,893.54**
Less : Impairment loss allowance	(4,484.52)	-	(4,484.52)	(4,642.71)	-	(4,642.71)
Total (III) - Net	**66,492.62**	**-**	**66,492.62**	**67,250.83**	**-**	**67,250.83**
Total (B) (I+II+III) - Net	**68,125.81**	**-**	**68,125.81**	**67,289.21**	**-**	**67,289.21**
(C)						
i) Public Sector	-	-	-	-	-	-
ii) Others	72,610.33	-	72,610.33	71,931.92	-	71,931.92
Total (C) - Gross	**72,610.33**	**-**	**72,610.33**	**71,931.92**	**-**	**71,931.92**
Less: Impairment Loss Allowance (C)	(4,484.52)	-	(4,484.52)	(4,642.71)	-	(4,642.71)
Total (C) - Net	**68,125.81**	**-**	**68,125.81**	**67,289.21**	**-**	**67,289.21**

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, 2026				As at March 31, 2025			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
High grade	68,112.78			**68,112.78**	65,237.39			**65,237.39**
Standard grade	142.90			**142.90**	804.78			**804.78**
Sub-standard grade		165.79		**165.79**		1,302.19		**1,302.19**
Past due but not impaired		166.78		**166.78**		991.30		**991.30**
Non - performing				**-**				**-**
Individually impaired			4,022.08	**4,022.08**			3,596.26	**3,596.26**
Total	**68,255.68**	**332.57**	**4,022.08**	**72,610.33**	**66,042.17**	**2,293.49**	**3,596.26**	**71,931.92**

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

(₹ In millions)

Particulars	For the year ended March 31, 2026				For the year ended March 31, 2025			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening 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**
New assets originated or purchased (net of repayment)	56,118.52			**56,118.52**	46,450.18	-	-	**46,450.18**
Assets derecognised or repaid (excluding write offs)	(47,957.38)	(392.77)	(1,459.20)	**(49,809.35)**	(49,806.71)	(1,428.18)	(3,049.85)	**(54,284.74)**
Transfers to Stage 1	16.73	(12.17)	(4.56)	-	14.29	(7.58)	(6.70)	-
Transfers to Stage 2	(573.30)	574.28	(0.98)	-	(3,673.16)	3,674.44	(1.28)	-
Transfers to Stage 3	(5,391.05)	(2,130.25)	7,521.30	-	(9,968.80)	(969.84)	10,938.64	-
Amounts written off			(5,630.75)	**(5,630.75)**	-	-	(5,844.84)	**(5,844.84)**
Gross carrying amount closing balance	**68,255.68**	**332.57**	**4,022.08**	**72,610.33**	**66,042.17**	**2,293.49**	**3,596.26**	**71,931.92**

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, 2026				For the year ended March 31, 2025			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**408.51**	**931.21**	**3,302.99**	**4,642.72**	**540.76**	**380.55**	**1,415.08**	**2,336.39**
New assets originated or purchased	562.89	-	-	**562.89**	1,393.41	-	-	**1,393.41**
Assets derecognised or repaid (excluding write offs)	(255.95)	(64.45)	(192.99)	**(513.39)**	(323.11)	(17.96)	(75.64)	**(416.71)**
Transfers to Stage 1	8.38	(4.26)	(4.12)	-	8.02	(2.42)	(5.60)	-
Transfers to Stage 2	(86.14)	87.04	(0.90)	-	(408.10)	409.14	(1.04)	-
Transfers to Stage 3	(295.71)	(873.48)	1,169.20	-	(867.07)	(363.31)	1,230.38	-
Impact on ECL of exposures transferred between stages during the year	4.47	118.07	5,300.50	**5,423.04**	64.60	525.21	6,584.65	**7,174.46**
Amounts written off	-	-	(5,630.75)	**(5,630.75)**	-	-	(5,844.84)	**(5,844.84)**
ECL allowance - closing balance	**346.44**	**194.13**	**3,943.92**	**4,484.51**	**408.51**	**931.21**	**3,302.99**	**4,642.71**

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Notes forming part of the Ind AS Financial Statements

10: Investments

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
1. Amortised Cost		
a) Overseas investments	-	-
b) Investments in India		
2. Fair Value Through OCI		
a) Overseas investments	-	-
b) Investments in India		
3. Fair Value Through Profit or Loss		
a) Overseas investments	-	-
b) Investments in India		
i) Security receipts		
1) PARAS-161 TRUST*	468.94	607.88
4,68,941 Nos having Face value Rs. 1000 Each (Refer Note 50 II)		
2) PHOENIX TRUST FY 23-21	-	369.51
7,21,700 Nos having Face value Rs. 512 Each (Refer Note 50 II)		
Total Gross (A)	**468.94**	**977.39**
Less : Allowance for impairment loss (B)	19.16	388.67
Total - Net C = (A) - (B)	**449.78**	**588.72**

*As at March 31, 2026, the NAV of PARAS - 161 TRUST as declared by the Trust is ₹1,000 per SR.

11: Other financial assets

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Security deposits (Unsecured considered good)	94.80	60.23
Receivable towards assignment transactions	169.51	113.21
Excess interest spread receivable on assignment transactions	558.83	372.96
Accrued Income - Fee	47.63	9.73
Interest accrued on fixed deposits with banks	29.31	45.90
Insurance claim receivable	57.29	84.06
Other Financial Assets	73.83	62.36
Total	**1,031.20**	**748.45**

Accrued Income - Fee for the year ended Mar 31, 2026 from related party transactions is ₹ Nil. (As at March 31, 2025 - ₹ Nil). 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, 2026	As at March 31, 2025
Gross carrying amount		
Opening gross carrying amount	1.10	1.10
Addition during the Year	-	-
Disposal	-	-
Closing gross carrying amount	**1.10**	**1.10**
Accumulated depreciation		
Opening accumulated depreciation amount	-	-
Depreciation charged during the Year	-	-
Closing accumulated depreciation amount	-	-
Net carrying amount	**1.10**	**1.10**

Investment Property comprises of one parcel of vacant land.

The fair value of investment property as on March 31, 2026 is ₹1.74 millions (March 31, 2025 - ₹1.74 millions) as determined by an external independent Registered Valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The valuation was performed on April 1, 2025.

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
Cost (Gross Carrying Amount) :					
As at March 31, 2024(Opening Balance)	**109.19**	**139.51**	**50.80**	**1.47**	**300.97**
Additions	30.33	5.65	15.73	2.55	54.26
Disposals	0.01	29.96	0.25	1.38	31.60
As at March 31, 2025	**139.51**	**115.20**	**66.28**	**2.64**	**323.63**
Additions	43.15	31.07	66.06	3.74	144.02
Disposals	0.13	18.89	0.03	2.55	21.60
As at March 31, 2026	**182.53**	**127.38**	**132.31**	**3.83**	**446.05**
Accumulated depreciation					
As at March 31, 2024(Opening Balance)	**85.59**	**123.62**	**40.80**	**1.38**	**251.39**
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
As at March 31, 2025	**116.55**	**105.89**	**52.94**	**0.90**	**276.28**
Disposals	0.13	17.89	-	1.09	19.11
Depreciation charge for the year ended March 31, 2026	24.79	13.12	16.84	0.94	55.69
As at March 31, 2026	**141.21**	**101.12**	**69.78**	**0.75**	**312.86**
Net Carrying Amount					
As at March 31, 2025	**22.96**	**9.31**	**13.34**	**1.74**	**47.35**
As at March 31, 2026	**41.32**	**26.26**	**62.53**	**3.08**	**133.19**

Notes forming part of the Ind AS Financial Statements

14: Right of use assets - Office Premises

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening carrying value	**15.98**	**59.39**
Addition / (Deletion) (Net) during the year	-0.77	-5.10
Depreciation for the year	-13.89	-38.31
Closing Carrying value	**1.32**	**15.98**

15: Intangible assets under development

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening carrying value	**2.97**	**3.65**
Addition during the year	0.22	2.97
Capitalised during the year	-1.78	-3.65
Closing Carrying value	**1.41**	**2.97**

Project in Progress

(₹ In millions)

Intangible assets under development	As at March 31, 2026	As at March 31, 2025
Amount in intangible assets under development for a period of		
Less than 1 year	0.22	2.97
1 -2 years	-	-
2 - 3 years	-	-
More than 3 years	-	-
Total	**0.22**	**2.97**

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 under development.

Notes forming part of the Ind AS Financial Statements

16. Other Intangible Assets

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Cost (Gross Carrying Amount) - Software		
Balance at the beginning of the Year	**100.12**	**95.14**
Addition during the year	2.38	4.98
Disposal during the year	-	-
Balance at the end of the Year	**102.50**	**100.12**
Accumulated amortisation		
Amortisation at the beginning of the Year	**96.61**	**91.40**
Disposal during the year	-	-
Charge during the year	2.44	5.21
Amortisation at the end of the Year	**99.05**	**96.61**
Net Carrying Amount at end of the year	**3.45**	**3.51**

17. Other Non-financial assets

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Prepaid expenses	89.04	58.35
Other Advances (refer note below)	-	87.07
Other Receivables	266.04	192.33
Capital Advance	15.17	0.09
Total	**370.25**	**337.84**

As at 31st March 2026, the Company has incurred expenses for various services aggregating to ₹ 87.07 million 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.

Further, during the Financial Year 2025–26, the IPO process was aborted, and the related expenses have been charged to the Statement of Profit and Loss. An amount of ₹1 million recoverable from the selling shareholders."

Notes forming part of the Ind AS Financial Statements

18. Payables

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
(I) Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	4.14	2.96
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	139.77	75.35
Total	**143.91**	**78.31**
(II) Other Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	400.89	280.35
Total	**400.89**	**280.35**
Total Payable	**544.80**	**358.66**

18.1 Trade Payable Ageing Schedule

As at March 31,2026 (₹ 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	2.94	-	1.20	-	-	-	**4.14**
(ii) Others	101.95	-	37.82	-	-	-	**139.77**
(iii) Disputed dues - MSME	-	-	-	-	-	-	**-**
(iv) Disputed dues - Others	-	-	-	-	-	-	**-**
Total	**104.89**	**-**	**39.02**	**-**	**-**	**-**	**143.91**

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	-	-	-	-	-	-	**-**
Total	**62.06**	**-**	**16.25**	**-**	**-**	**-**	**78.31**

Notes forming part of the Ind AS Financial Statements

19: Debt Securities

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Amortised Cost		
Bonds/ Debentures		
Secured Non-Convertible Debentures - Listed	1,987.04	-
Unsecured Non-Convertible Debentures -Listed	989.91	541.67
Total (A)	**2,976.95**	**541.67**
Debt securities in India	2,976.95	541.67
Debt securities outside India	-	-
Total (B)	**2,976.95**	**541.67**

Details of Redeemable Non-Convertible Debentures

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025	Date of redemption	Nominal value per debenture#	Total number of debentures#
Secured Non-Convertible Debentures - Listed					
9.1% Senior,Secured,Redeemable,Rated,Listed,Taxable,Non-Convertible Debentures	1,244.13	-	12-Aug-27	100,000	15,000
9.2% Senior,Secured,Redeemable,Rated,Listed,Taxable,Non-Convertible Debentures	742.91	-	12-Aug-28	100,000	7,500
Total	**1,987.04**	**-**			
Unsecured Non-Convertible Debentures -Listed					
10% Senior, UnSecured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	541.67	01-Aug-25	100,000	21,700
9.15% Senior, Unsecured, Redeemable, Rated, listed, Taxable, Non-Convertible Debentures	989.91	-	17-Jun-27	100,000	10,000
Total	**989.91**	**541.67**			

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, 2026	As at March 31, 2025
Amortised Cost		
(a) Term loans (Secured)		
(i) from banks		
Rupee Loans	45,273.47	50,501.29
Foreign currency Loans	-	-
(ii) from Financial Institutions (including NBFC)	1,479.89	1,339.03
(iii) Pass through certificates payable	4,991.60	-
(b) Loans repayable on demand		
(i) from banks (OD & CC)	536.39	976.27
Total (A)	**52,281.35**	**52,816.59**
Borrowings in India	52,281.35	52,816.59
Borrowings outside India	-	-
Total (B)	**52,281.35**	**52,816.59**

(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 2025-26 aggregating to ₹6149.18 million ,the company will assign the book debts in due course as per the sanction terms.

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

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

(iv) The Company has used the borrowings from banks and financial institutions for the specific purpose for which the loans were taken.

Notes forming part of the Ind AS Financial Statements

21: Subordinated Liabilities

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Subordinated Liabilities - Debentures - Unlisted	1,631.57	1,866.98
Subordinated Liabilities - Debentures - Listed	497.67	696.11
Subordinated Liabilities - Loan	-	249.82
Total (A)	**2,129.24**	**2,812.91**
Subordinated Liabilities in India	2,129.24	2,812.91
Subordinated Liabilities outside India	-	-
Total (B)	**2,129.24**	**2,812.91**

Detail of Subordinated Debt

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025	Date of redemption	Nominal value per debenture#	Total number of debentures#
Subordinated Liabilities - Debentures - Unlisted					
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable,Non-Convertible Debentures	-	239.75	2-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	1,481.57	1,477.23	18-Jul-29	100,000	15,000
Total	**1,631.57**	**1,866.98**			
Subordinated Liabilities - Debentures - Listed					
14% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable,Non-Convertible Debentures	-	199.73	10-Sep-25	100,000	2,000
14.50% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable,Non-Convertible Debentures	497.67	496.38	30-Sep-27	1,000,000	500
Total	**497.67**	**696.11**			
Subordinated Liabilities - Loan					
14.50% Unsecured Loan	-	249.82	22-Dec-25	-	-
Total	**-**	**249.82**			

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, 2026

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%	4	484.14	2	249.71	-	-	-	-	-	-	-	-	**6**	**733.85**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	-	-	2	1,493.94	2	749.16	-	-	-	-	-	-	**4**	**2,243.10**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		**4**	**484.14**	**4**	**1,743.65**	**2.00**	**749.16**	**-**	**-**	**-**	**-**	**-**	**-**	**10**	**2,976.95**

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%	504	20,183.46	191	6,676.30	71	1,586.61	48	920.63	24	460.32	-	-	**838**	**29,827.32**
	10%-12%	24	598.02	2	36.84	-	-	-	-	-	-	-	-	**26**	**634.86**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	97	8,670.72	55	4,528.11	-	-	-	-	-	-	-	-	**152**	**13,198.83**
	10%-12%	2	90.77	-	-	-	-	-	-	-	-	-	-	**2**	**90.77**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half yearly repayment schedule	8%-0%	10	1,031.27	5	490.43	-	-	-	-	-	-	-	-	**15**	**1,521.70**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		**637**	**30,574.24**	**253**	**11,731.67**	**71**	**1,586.61**	**48**	**920.63**	**24.00**	**460.32**	**-**	**-**	**1,033**	**45,273.47**

Notes forming part of the Ind AS Financial Statements

Terms of repayment of borrowings outstanding as at March 31, 2026

Maturity pattern of Term loan from Financial Institutions

(₹ 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**
Monthy Repayment schedule	8%-0%	8	249.79	-	-	-	-	-	-	-	-	-	-	**8**	**249.79**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Quarterly repayment schedule	8%-10%	7	481.37	4	332.43	4	332.97	1	83.33	-	-	-	-	**16**	**1,230.10**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**15**	**731.16**	**4**	**332.43**	**4**	**332.97**	**1**	**83.33**	**-**	**-**	**-**	**-**	**24**	**1,479.90**

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

(₹ 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**
On demand	8%-0%	1	536.39	-	-	-	-	-	-	-	-	-	-	**1**	**536.39**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**1**	**536.39**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**536.39**

Maturity pattern of Subordinated Liabilities

(₹ 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**
At the end of tenure / On demand	8%-0%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	10%-12%	-	-	-	-	-	-	1	1,491.91	-	-	-	-	**1**	**1,491.91**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	1	143.64	1	493.69	-	-	-	-	-	-	-	-	**2**	**637.32**
Total		**1**	**143.64**	**1**	**493.69**	**-**	**-**	**1**	**1,491.91**	**-**	**-**	**-**	**-**	**3**	**2,129.24**

Notes forming part of the Ind AS Financial Statements

Terms of repayment of borrowings outstanding as at March 31, 2026

Maturity pattern of PTC

(₹ 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**
Monthy Repayment schedule	8%-0%	60	4,991.60	37	-	-	-	-	-	-	-	-	-	**97**	**4,991.60**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		**60**	**4,991.60**	**37**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**97**	**4,991.60**

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%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		**2**	**541.67**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**541.67**

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%	46	1,524.16	12	185.40	-	-	-	-	-	-	-	-	**58**	**1,709.56**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	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%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		**749**	**36,471.28**	**266**	**13,010.96**	**16**	**1,019.05**	**-**	**-**	**-**	**-**	**-**	**-**	**1,031**	**50,501.29**

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

(₹ 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%	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%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**24**	**856.28**	**12**	**482.75**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**36**	**1,339.03**

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

(₹ 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**
On demand	8%-10%	1	976.27	-	-	-	-	-	-	-	-	-	-	**1**	**976.27**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**1**	**976.27**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**976.27**

Maturity pattern of Subordinated Liabilities

(₹ 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**
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	10%-12%	-	-	-	-	-	-	-	-	1	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**
Total		**4**	**689.30**	**1**	**150.00**	**1**	**496.38**	**-**	**-**	**1**	**1,477.23**	**-**	**-**	**7**	**2,812.91**

Notes forming part of the Ind AS Financial Statements

22. Other Financial liabilities

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Interest accrued but not due on borrowings	156.62	164.69
Payable towards assignment transactions & ARC transactions	987.03	1,273.04
Others	35.53	1.38
Total	**1,179.18**	**1,439.11**

23. Provisions

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
- Gratuity (refer Note 43)	59.07	21.23
- Others	-	-
Provision for other losses	80.27	62.33
Total	**139.34**	**83.56**

Movement of provisions other than employee benefit during the year

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision at beginning of the year	**62.33**	**35.48**
Arising during the year	17.94	29.58
Utilized during the year	-	(2.73)
Provision at end of the year	**80.27**	**62.33**

24. Other Non-financial liabilities

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Statutory dues payable	48.62	53.24
Other non financial liabilities	27.02	47.50
Total	**75.64**	**100.74**

25. Equity share capital

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Authorised:		
100,000,000 (PY 100,000,000) Equity Shares of ₹10/- each	1,000.00	1,000.00
Issued, subscribed and fully paid up		
54,844,055 (FY 2025 - 54,844,055) Equity Shares of ₹10/- each	548.44	548.44
Total Equity	**548.44**	**548.44**

Notes forming part of the Ind AS Financial Statements

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, 2026	As at March 31, 2025
No. of Shares		
Shares at beginning of the year	**54,844,055**	**54,844,055**
Issued during the year*	-	-
Shares at end of the year	**54,844,055**	**54,844,055**
Amount		
Shares at beginning of the year	**548.44**	**548.44**
Issued during the year	-	-
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.

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

Particulars	As at March 31, 2026	As at March 31, 2025
No. of Shares		
Muthoot Finance Limited (Holding Company)	36,267,608	36,267,608
Arum Holdings Limited (Group entity of Affirma Capital)	7,647,059	7,647,059
Sarvam Financial Inclusion Trust, Kancheepuram	3,921,079	3,921,079
Maj Invest Financial Inclusion Fund II K/S	4,793,260	4,793,260
Holding %		
Muthoot Finance Limited (Holding Company)	66.13	66.13
Arum Holdings Limited (Group entity of Affirma Capital)	13.94	13.94
Sarvam Financial Inclusion Trust, Kancheepuram	7.15	7.15
Maj Invest Financial Inclusion Fund II K/S	8.74	8.74

Shareholding of Promoters

Shares held by promoters as at March 31, 2026*			% Change During the year
Promoter Name	**No. of Shares**	**%of total shares**	
Muthoot Finance Limited	36,267,608	66.13	0.00
Sarvam Financial Inclusion Trust	3,921,079	7.15	0.00
Dr Kalpana Sankar	9,066	0.02	0.00

*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.

Notes forming part of the Ind AS Financial Statements

(₹ 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

**As disclosed in the Annual Return filed by the Company with the RoC for the year ended March 31, 2025

26. Other equity

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of India Act, 1934)	1,728.69	1,679.29
Securities Premium Account	9,014.60	9,014.60
Capital Redemption Reserve(CRR)	500.00	500.00
General Reserve	2,092.79	2,092.79
Remeasurement gain/ (loss) of defined benefit plans-OCI	(30.26)	(23.22)
Surplus in Statement of Profit and Loss	4,097.40	3,899.78
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	-	-
Total	**17,403.22**	**17,163.24**

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. <u>Fair valuation of loans through other comprehensive income (FVTOCI)</u>

   The Company recognises changes in the fair value of debt instruments held with business objective of collect and sell in other comprehensive income. These changes are accumulated in OCI reserve within equity. The Company transfers

Notes forming part of the Ind AS Financial Statements

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, 2026	As at March 31, 2025
Final dividend for previous fiscal year	-	41.13
Interim dividend for current fiscal year	-	-

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Final Dividend / Equity Share (for previous fiscal year)	**-**	**0.75**

29: Interest income

(₹ In millions)

Particulars	For the Year ended March 31, 2026			For the Year ended March 31, 2025		
	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	-	16,613.73	16,613.73	-	19,652.08	19,652.08
Interest income from fixed deposits	-	144.85	144.85	-	261.67	261.67
Other interest income	-	-	-	-	-	-
Income from government securities	-	135.57	135.57	-	115.25	115.25
Total	**-**	**16,894.15**	**16,894.15**	**-**	**20,029.00**	**20,029.00**

Notes forming part of the Ind AS Financial Statements

30. Fee and commission income

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Commission fees	170.23	3.23
Sale of services	**170.23**	**3.23**
Timing of revenue recognition		
Fee income that are recognised over a certain period of time	-	-
Fee income that are recognised at point in time	170.23	3.23
Sale of services	**170.23**	**3.23**
Geographical markets		
India	170.23	3.23
Outside India	-	-
Total	**170.23**	**3.23**

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, 2026	For the Year ended March 31, 2025
Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	61.27	121.78
- Derivatives	-	-
- Others	-	-
(ii) Others	29.22	103.20
Total Net gain on fair value changes	**90.49**	**224.98**
Fair Value changes:		
- Realised	90.49	224.98
- Unrealised	-	-
Total Net gain on fair value changes	**90.49**	**224.98**

31 B: Net loss on fair value changes on investments

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Net loss on financial instruments at fair value through profit or loss		
On financial instruments designated at fair value through profit or loss	-	-
Total Net loss on fair value changes	**-**	**-**
Fair Value changes:		
- Realised		
- Unrealised	-	-
Total Net gain on fair value changes	**-**	**-**

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, 2026	For the Year ended March 31, 2025
Net Gain on sale of loan portfolio through assignment transactions	638.43	759.63
Total	**638.43**	**759.63**

33. Other Income

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Bad debt recovery	484.73	170.41
Other income	11.74	62.63
Total	**496.47**	**233.04**

34. Finance Costs

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
On Financial liabilities measured at Amortised Cost		
Interest on borrowings	5,162.41	6,032.71
Interest on debt securities	220.71	496.15
Interest on subordinate liabilities	318.87	363.74
Interest on Lease liability	0.92	3.77
Other charges	14.91	16.96
Total	**5,717.82**	**6,913.33**

35: Fee and commission expense

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Fee and commission expense	-	112.76
Total	**-**	**112.76**

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, 2026	For the Year ended March 31, 2025
On Financial instruments measured at Amortised Cost		
Loans	5,472.54	8,151.16
Excess adjusted against CV of Security receipt's on ARC	-	19.15
Excess Interest Spread receivable on assignment transaction	10.86	(6.35)
Other Assets	17.94	26.85
Sub Total	**5,501.34**	**8,190.81**
On Financial instruments measured at fair value through OCI		
Loans	-	-
Sub Total	**-**	**-**
Impairment on Financial Instruments		
Loans	5,472.54	8,151.16
Excess adjusted against CV of Security receipt's on ARC		19.15
Excess Interest Spread receivable on assignment transaction	10.86	(6.35)
Other Assets	17.94	26.85
Total	**5,501.34**	**8,190.81**

37: Employee Benefit Expenses

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Salaries and Wages	4,281.81	3,534.62
Contributions to Provident and Other Funds	334.75	294.00
Staff Welfare Expenses	34.80	40.01
Total	**4,651.36**	**3,868.63**

38: Depreciation, amortization and impairment

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Depreciation of Property, Plant and Equipment	55.68	54.73
Amortization of Intangible Assets	2.44	5.21
Amortisation of Right to use Asset	13.89	38.31
Total	**72.01**	**98.25**

Notes forming part of the Ind AS Financial Statements

39: Other Expenses

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Rent	282.04	181.20
Electricity Charges	24.61	21.66
Business Promotion Expenses	69.24	36.46
Bank charges	90.56	104.80
Repairs to Buildings	46.93	44.42
Repairs to Machinery	216.19	176.48
Communication expense	78.27	73.18
Postage and courier	10.52	6.52
Printing and Stationery	55.90	65.70
Rates & Taxes	6.27	1.03
Legal & Professional Charges	172.60	200.34
Travelling and Conveyance	500.25	370.91
Insurance	90.89	76.96
Payments to Auditor	3.60	3.81
Membership and subscription	9.14	12.06
Directors' Sitting Fee	10.52	14.88
Credit Bureau expenses	57.11	38.46
Cloud charges	46.14	37.22
Loss on Sale of Fixed Assets	0.50	0.90
CSR Expenses	44.15	44.49
Loss on account of theft	0.06	0.56
Other expenses	155.70	45.25
Total	**1,971.19**	**1,557.29**

Break up of payment to auditors

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
As auditor:		
Statutory audit	2.29	2.29
Tax audit	0.33	0.33
Limited review*	0.98	1.11
Certification fees	-	0.08
Total	**3.60**	**3.81**

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, 2026	For the Year ended March 31, 2025
a) Amount required to be spent by the company during the year	44.15	44.49
b) Total of previous years shortfall *		
c) Amount spent during the period (including towards previous year's shortfall)	44.15	44.49
- Construction/acquisition of any asset - In cash		
- on purpose other than above	44.15	44.49
d) Shortfall at the end of the year	-	-
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 - Conducted various medical camps in rural locations		

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, 2026	For the Year ended March 31, 2025
Current tax	-	777.81
Deferred tax relating to origination and reversal of temporary differences	129.02	(732.87)
Income tax expense reported in Statement of profit and loss	**129.02**	**44.94**
Deferred tax related to items recognised in OCI		
Tax asset / (liability) due to Fair value impact on financial instruments measured at FVOCI	-	-
Tax asset / (liability) due to Effective portion of gain on Hedging Instruments in Cash Flow Hedges	-	-
Tax asset / (liability) on remeasurements of defined benefit plans	2.37	(0.27)
Tax asset / (liability) due to Change in value of forward contract	-	-
Income tax charged to OCI	**2.37**	**(0.27)**

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:

Notes forming part of the Ind AS Financial Statements

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Tax rate as per IT Act, 1961	**25.168%**	**25.168%**
Accounting profit before tax	376.05	508.81
At India's statutory income tax rate of 25.168%	94.64	128.06
Effect of expenses that are not deductible in determining taxable profit	96.76	18.02
Deductions under Chapter VIA	(62.38)	(101.14)
Income tax expense reported in the statement of profit or loss	**129.02**	**44.94**

The effective income tax rate for the year ended March 31, 2026 is 34.31% and year ended March 31, 2025 is 8.83%

Net Current tax Assets / Liabilities (₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Current tax Asset	93.06	73.89
Current tax Liabilities	-	-
Current tax Asset / (Liabilities) (Net)	93.06	73.89

41. Deferred tax

The following table shows deferred tax recorded in the balance sheet

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Deferred Tax Assets		
a) Depreciation	33.34	30.94
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	6.20
c) Impairment allowance for financial assets	1,159.66	1,242.49
d) Debt financial asset measured at amortised cost	172.84	169.10
e) Right-of-use asset	0.16	0.73
Sub Total	**1,372.20**	**1,449.46**
Deferred Tax Liabilities		
a) Financial liability measured at amortised cost (Borrowings)	26.46	26.58
b) Impact due to gain/loss on fair value of assignment transactions	149.90	100.39
Sub Total	**176.36**	**126.97**
Total - Net	**1,195.84**	**1,322.49**

Notes forming part of the Ind AS Financial Statements

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

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
In Profit and Loss		
a) Depreciation	(2.40)	(5.23)
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	2.37	(3.23)
c) Impairment allowance for financial assets	82.83	(599.25)
d) Debt financial asset measured at amortised cost	(3.74)	77.80
e) Right-of-use asset	0.57	2.05
f) Financial liability measured at amortised cost (Borrowings)	(0.12)	(37.05)
g) Impact due to gain/loss on fair value of assignment transactions	49.51	(167.96)
Sub Total	**129.02**	**(732.87)**
In Other Comprehensive Income		
a) Impact due to remeasurement of defined benefit plans.	(2.37)	0.27
b) Impact due to gain/loss on fair value of FVOCI loans / Forwards	-	-
Sub Total	**(2.37)**	**0.27**
Total	**126.65**	**(732.60)**

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, 2026	For the Year ended March 31, 2025
Net profit attributable to ordinary equity holders	247.03	463.87
Weighted average number of ordinary shares for basic earnings per share	54.84	54.84
Effect of dilution:	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	54.84	54.84
Earnings per equity share (Face Value - ₹ 10 per share)		
Basic earnings per share (₹)	**4.50**	**8.46**
Diluted earnings per share (₹)	**4.50**	**8.46**

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.

Notes forming part of the Ind AS Financial Statements

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Contribution to provident and pension fund	217.42	204.58
Contribution to Employees State Insurance	47.12	47.81
Total	**264.54**	**252.39**

Defined Benefit Plan

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost (₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Current service cost	25.05	21.71
Interest cost on benefit obligation	1.39	0.59
Past Service Cost	22.95	-
Total	**49.39**	**22.30**

Balance Sheet

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

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Defined benefit obligation	174.95	130.84
Fair value of plan assets	115.88	109.61
Asset/(liability) recognized in the balance sheet	(59.07)	(21.23)
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	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Opening defined benefit obligation	130.84	119.97
Interest cost	8.57	8.61
Current service cost	25.05	21.71
Benefits paid	(22.72)	(13.11)
Past Service Cost	22.95	-
Actuarial loss / (gain) on obligation	10.26	(6.34)
Closing defined benefit obligation	**174.95**	**130.84**

Notes forming part of the Ind AS Financial Statements

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

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Opening fair value of plan assets	109.61	111.72
Expected return (Interest Income)	7.18	8.02
Contributions by employer	21.24	8.25
Benefits paid	(22.72)	(13.11)
Actuarial gains / (losses) on assets	0.58	(5.27)
Closing fair value of plan assets	**115.88**	**109.61**

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

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Discount rate	6.80%	6.55%
Rate of increase in compensation levels	5.00%	7.00%
Attrition rate	50.00%	45.91%
Expected rate of return on assets	6.55%	7.18%

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.

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Funded with LIC	68.54%	62.82%
Funded with Kotal Life Insurance	31.46%	37.18%

Sensitivity Level -Impact on defined benefit obligation **(₹ In millions)**

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Discount rate Impact		
0.5% increase	-1.02	-0.88
0.5% decrease	1.04	0.90
Future salary impact		
1% increase	2.10	1.77
1% decrease	-2.06	-1.73

Notes forming part of the Ind AS Financial Statements

(₹ In millions)

Expected benefit payment for future years	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Within the next 12 months (next annual reporting period)	74.23	52.49
Between 1 and 5 years	105.25	79.2
Between 5 and 10 years	11.67	12.74
Total expected payments	**191.15**	**144.43**

The weighted average duration of the defined benefit obligation as at March 31, 2026 is 5 years approximately, as at March 31, 2025 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, 2026			As at March 31, 2025		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	4,810.23	-	4,810.23	5,155.11	-	5,155.11
Bank Balance other than above	716.72	346.19	1,062.91	230.47	65.93	296.40
Derivative financial instruments	-	-	-	-	-	-
Trade receivables	0.56	-	0.56	0.78	-	0.78
Loans	41,577.88	26,547.93	68,125.81	50,210.31	17,078.90	67,289.21
Investments	-	449.78	449.78	-	588.72	588.72
Other financial assets	880.40	150.80	1,031.20	618.52	129.93	748.45
Non-financial Assets						
Current tax asset (net)	-	93.06	93.06	-	73.89	73.89
Deferred tax assets (net)	-	1,195.84	1,195.84	-	1,322.49	1,322.49
Investment property	-	1.10	1.10	-	1.10	1.10
Property, plant and equipment	-	133.19	133.19	-	47.35	47.35
Right of use assets	0.75	0.57	1.32	8.89	7.09	15.98
Other intangible assets	-	3.45	3.45	-	6.48	6.48
Intangible assets under development	-	1.41	1.41			
Other non financial assets	52.35	317.90	370.25	36.09	301.75	337.84
Total assets	**48,038.89**	**29,241.22**	**77,280.11**	**56,260.17**	**19,623.63**	**75,883.80**
Liabilities						
Financial Liabilities						
Derivative financial instruments	-	-	-	-	-	-
Trade Payables	544.80	-	544.80	358.66	-	358.66
Debt Securities	497.83	2,479.12	2,976.95	541.67	-	541.67
Borrowings (other than debt security)	36,835.08	15,446.27	52,281.35	38,303.83	14,512.76	52,816.59
Subordinated Liabilities	150.00	1,979.24	2,129.24	689.30	2,123.61	2,812.91
Lease liabilities	1.28	0.67	1.95	10.55	8.33	18.88
Other Financial liabilities	1,143.65	35.53	1,179.18	1,439.11	-	1,439.11
Non-financial Liabilities						
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	-	139.34	139.34	-	83.56	83.56
Other non-financial liabilities	75.64	-	75.64	100.74	-	100.74
Total Liabilities	**39,248.28**	**20,080.16**	**59,328.44**	**41,443.86**	**16,728.26**	**58,172.12**
Net			**17,951.67**			**17,711.68**

Notes forming part of the Ind AS Financial Statements

45: Change in liabilities arising from financing activities

(₹ In millions)

Particulars	As at April 01, 2025	Cash Flows	Others*	For the Year ended March 31, 2026
Debt Securities	541.67	2,412.23	23.05	2,976.95
Borrowings other than debt securities	52,816.59	(588.41)	53.17	52,281.35
Subordinated Liabilities	2,812.91	(704.44)	20.76	2,129.24
Lease Liabilities	18.88	(16.16)	(0.77)	1.95
Total liabilities from financing activities	**56,190.05**	**1,103.23**	**96.20**	**57,389.49**

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
Total liabilities from financing activities	**72,801.25**	**(16,754.89)**	**143.69**	**56,190.05**

*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, 2026	As at March 31, 2025
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
Total	**108.96**	**108.96**

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.

On Sep 22, 2025, the Hon'ble High Court of Madras passed a Common Order directing the 1st respondent to consider the appeals filed by us and dispose of the same on merits and in accordance with the law, as expeditiously as possible, preferably, within a period of 9 months from the date of receipt of the order.

In summary of Order, The Court didn't rule on who is right or wrong in the underlying matter. Instead, it simply directed the 1st respondent (government department or authority) to consider and decide the petitioner's pending appeals fairly and quickly (preferably within 9 months). After issuing this direction, the Court closed the case."

i) The Company is of the opinion that the above demands based on management estimate no significant liabilities are expected to arise.

ii) 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.

iii) The Company does not expect any reimbursement in respect of the above contingent liabilities.

iv) Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

(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, 2026	As at March 31, 2025
Balance at beginning of the year	**15.98**	**59.39**
Addition/(Deletion) during the year	(0.77)	(5.10)
Depreciation charge for the year	(13.89)	(38.31)
Balance at end of the year	**1.32**	**15.98**

Amounts recognised in statement of profit and loss **(₹ In millions)**

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Interest on lease liabilities	0.92	3.77
Depreciation charged on right-of-use assets	13.89	38.31
Expenses relating to short-term leases of premises	17.37	48.25
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	61.78	41.22
Total	**93.96**	**131.55**

Amounts recognised in the Cash Flow Statement **(₹ In millions)**

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Interest paid on Lease liabilities	0.92	3.77
Payment towards Lease liabilities	16.16	42.65
Total cash outflow for leases	**17.08**	**46.42**

Movement in Lease Labilities **(₹ In millions)**

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at beginning of the year	**18.88**	**65.04**
Net Addition / (deletion) during the year	(1.69)	(7.28)
Interest on Lease Liabilities	0.92	3.77
Payment of Lease Liabilities	(16.16)	(42.65)
Balance at end of the year	**1.95**	**18.88**

Maturity analysis of lease liabilities **(₹ In millions)**

Particulars	As at March 31, 2026	As at March 31, 2025
Less than one year	1.28	10.55
One to five years	0.67	8.33
More than five years	-	-
Total cash outflow for leases	**1.95**	**18.88**

Notes forming part of the Ind AS Financial Statements

(C) Capital Commitments (₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Estimated amount of contracts remaining to be executed on Capital account and not provided	-	-
Total	**-**	**-**

47. Related Party Transactions for the year ended March 31, 2026

Key Management Personnel	1. Dr. (Mrs.) Kalpanaa Sankar (Managing Director) up to August 31, 2025 & appointed as Non-Executive Director w.e.f February 16, 2026 2. Mr. J Balakrishnan (CEO & Whole-Time Director) appointed as CEO w.e.f June 18, 2025 & Whole time Director w.e.f September 01, 2025 3. Mr. K.B Balakumaran (Executive Director) up to August 01, 2025 4. Mr. George Alexander (Non-Executive Director) 5. Mr. George Muthoot Jacob (Non- Executive Director) 6. Mr. Kuttickattu Rajappan Bijimon (Non- Executive Director) 7. Mr. Vijay Nallan Chakravarthi (Non- Executive Director) 8. Mr. Vadakkakara Antony George (Independent Director) 9. Mr. Venkataraman Krishnamoorthy (Independent Director) 10. Mr. Chinnasamy Ganesan (Independent Director) 11. Mr. Siva Chidambaram Vadivel Alagan (Non- Executive director) up to December 31, 2025 12. Mrs. Rajeswari Karthigeyan (Independent Director) 13. Mr. V A Prashanth (Independent Director) w.e.f April 28, 2025 14. Mr. C V Sankar (Non-Executive Director) w.e f February 16, 2026 15. Mr. L. Muralidharan (Chief Financial Officer) 16. Mr. Sunil Kumar Sahu (Company Secretary)
Enterprises owned or significantly influenced by key management personnel or their relatives	1. Hand in Hand Consulting Services Private Ltd 2. Hand in Hand India 3. Hand in Hand Academy for Social Entrepreneurship 4. Muthoot Securities Limited 5. Muthoot Marketing Services Private Limited. 6. Muthoot Vehicle and Asset Finance Limited 7. MITS CIDRIE Foundation 8. Sarvam Financial Inclusion Trust
Holding Company	Muthoot Finance Limited
Fellow Subsidiary	Muthoot Insurance Brokers Private Limited
Entities holding substantial interest in the Company	1. Maj Invest Financial Inclusion Fund II K/S 2. Arum Holdings limited (Part of Affirma Capital) 3. Augusta investments zero Private Limited (Part of Affirma Capital)
Relatives of Key Management Personnel of the company or the Holding company	1. Mrs. Anna alexander 2. Mr. George M George 3. Mr. George Alexander 4. Mrs. Sara George 5. Mr. George Jacob 6. Mr. George Thomas 7. Mrs. Susan Thomas 8. Mrs. Elizabeth Jacob 9. Mr. Alexander George 10. Mrs. Bindu Dandapani

Notes forming part of the Ind AS Financial Statements

47. Related Party Transactions for the year ended March 31, 2026 (Contd.)

(₹ In millions)

S. No	Name of the counterparty	Type of related party transaction	Value of transaction	
			Year ended March 31, 2026	Year ended March 31, 2025
1	Muthoot Finance Limited	Referral Fees	0.82	0.96
		Software Subscription	10.00	-
		Software Subscription (Recurring Expense)	7.35	-
		Dividend Payment	-	27.20
2	Muthoot Securities Limited	NCD Repaid	200.00	-
		Interest Payment - NCDs	23.50	38.92
		Other Services	-	13.95
3	MITS CIDRIE Foundation	Office Equipments	1.30	-
		Interest Payment - NCDs	-	-
4	Hand in Hand Academy for Social Entrepreneurship	Consultancy Services fees paid	33.02	48.78
		Rent Paid	0.82	0.51
5	Hand in Hand India	CSR expenses paid	37.50	40.00
		Service Fees	-	10.00
6	Sarvam Financial Inclusion Trust	Dividend Payment	-	2.94
7	Maj Invest Financial Inclusion Fund II K/S	Issue of Equity Shares	-	-
		IPO Expense Recoverable	0.58	3.59
8	Arum Holdings limited	Issue of Equity Shares	-	-
		IPO Expense Recoverable	0.32	5.74
9	Augusta investments zero PTE Limited	Issue of Equity Shares	-	-
		IPO Expense Recoverable	0.09	1.65
10	Dr. (Mrs.) Kalpanaa Sankar (Managing Director)	Short term employee benefit	12.85	21.02
		Dividend Payment	-	0.01
11	Mr. J Balakrishnan (CEO & Whole time Directors)	Short term employee benefit	7.21	-
12	Mr. K.B Balakumaran (Executive Director)	Short term employee benefit	1.47	4.34
13	Mr. L. Muralidharan (Chief Financial Officer)	Short term employee benefit	8.75	10.43
14	Mr. Sunil Kumar Sahu (Company Secretary)	Short term employee benefit	3.34	3.98
15	Mr. George Alexander (Non- Executive director)	Sitting fee	0.95	1.20
16	Mr. George Muthoot Jacob (Non- Executive director)	Sitting fee	0.80	0.95
17	Mr. Kuttickattu Rajappan Bijimon (Non- Executive director)	Sitting fee	1.07	1.85
18	Mr.Vijay Nallan Chakravarthi (Non- Executive director)	Sitting fee	1.05	1.30
19	Mr. Mr. V A Prasanth (Independent Director)	Sitting fee	0.80	-
20	Mr. Vadakkakara Antony George (Independent Director)	Sitting fee	1.20	2.05
21	Mr. Venkataraman Krishnamoorthy (Independent Director)	Sitting fee	1.30	2.45
22	Mr. Chinnasamy Ganesan (Independent Director)	Sitting fee	1.20	2.00
23	Mrs. Rajeswari Karthigeyan (Independent Director)	Sitting fee	1.27	1.85
24	Mr. George Alexander	NCD Receipt	-	-
		NCD Repaid	123.33	86.65
		Interest Payment - NCDs	20.42	32.29
25	Mr. George Jacob	NCD Receipt	-	-
		NCD Repaid	123.33	86.65
		Interest Payment - NCDs	20.42	32.29

Notes forming part of the Ind AS Financial Statements

26	Mr. George Thomas	NCD Receipt	-	-
		NCD Repaid	123.35	86.70
		Interest Payment - NCDs	20.42	32.29
27	Mr. George M george	NCD Receipt	-	-
		NCD Repaid	6.25	12.50
		Interest Payment - NCDs	5.73	6.89
28	Mr. Alexander George	NCD Receipt	-	-
		NCD Repaid	6.25	12.50
		Interest Payment - NCDs	5.73	6.89
	TOTAL		**813.79**	**643.34**

*Represents amount less than INR Ten thousand

(₹ In millions)

S. No	Name of the counterparty	Type of related party transaction	Value of transaction	
			Year ended March 31, 2026	Year ended March 31, 2025
Receivables				
1	Muthoot Finance Limited	Referral Fees	0.44	0.25
Payables				
1	Muthoot Finance Limited	Software Subscription	2.49	-
2	Muthoot Securities Limited	NCD Outstanding	100.00	300.00
3	Muthoot Vehicle and Asset Finance Limited	Loan Outstanding	-	-
4	Hand in Hand Academy for Social Entrepreneurship	Rent Payable	-	0.04
5	Mr. George Alexander	NCD Outstanding	100.00	223.33
6	Mr. George Jacob	NCD Outstanding	100.00	223.33
7	Mr. George Thomas	NCD Outstanding	100.00	223.35
8	Mrs. Sara George	NCD Outstanding	-	-
9	Mrs. Anna alexander	NCD Outstanding	-	-
10	Mr. George M George	NCD Outstanding	50.00	56.25
11	Mr. Alexander George	NCD Outstanding	50.00	56.25
12	Mrs. Susan Thomas	NCD Outstanding	-	-
13	Mrs. Elizabeth Jacob	NCD Outstanding	-	-

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 read with RBI/DOR/2025-26/359 DOR.ACC.REC. No.278 / 21.04.018 / 2025-26 dated November 28, 2025. The Regulatory capital has been computed as per above mentioned RBI notification.

48: Capital (Contd.)

(₹ In millions)

Regulatory capital	As at March 31, 2026	As at March 31, 2025
Common Equity Tier1 capital	15,176.68	15,864.33
Other Tier 2 capital instruments	408.52	1,818.84
Total capital	**15,585.20**	**17,683.17**
Risk weighted assets	**66,331.09**	**70,824.27**
Tier I CRAR	22.88%	22.40%
Tier II CRAR	0.62%	2.57%
Total capital ratio	23.50%	24.97%

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, 2026	As at March 31, 2025
Assets measured at fair value on a recurring basis		
Financial assets at FVTPL		
Investments		
Level 1	-	-
Level 2	-	-
Level 3	449.78	588.72
Financial Liabilities at FVOCI		
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

Notes forming part of the Ind AS Financial Statements

the fair value of SR's as at March 31, 2026, 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.

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, 2026	As at March 31, 2025
Financial assets at FVTPL		
Investments		
Fair value at beginning of the year	588.72	-
Purchase/ (Redemption)	-	651.90
Redemption	-168.16	-166.38
Transfers into Level 3	-	-
Transfers from Level 3	-	-
Net Fair Value gain/ (loss) (Refer Note 31 A and note 31 B)	29.22	103.20
Other Comprehensive Income	-	-
Fair value at end of the year	**449.78**	**588.72**

Sale of Assets to ARC

During the financial year ended March 31, 2025, the Company sold stressed loan receivables with a gross carrying amount of ₹2,592.03 million to an Asset Reconstruction Company ("ARC") ARC_PARAS-161 TRUST for a consideration of ₹750.00 million. As of effective date of transfer, the net carrying amount of these loans stood at ₹730.84, after accounting for impairment allowance of ₹1,861.19 million.

In accordance with Ind AS 109, a write off ₹1,842.03 million (i.e ₹2,592.03 million less ₹750 million) has been recognized against the impairment allowance, representing the protion of the asset where recovery is no longer reasonably expected. The residual excess provision of ₹19.15 million under the impairment allowance has been adjusted against the carrying value of Security Receipts (""SR"").

As per the agreed terms, the Company has subscribed to the Security Receipts ("SRs") issued by the ARC trust amounting to ₹651.90 million, classified under Fair Value through Profit or Loss Account (FVTPL). Since the transaction had consummated on 30th December, 2024, the recovery ratings process by the ARC Trust will commence from the half year ended June 30, 2025.

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

Risk Identification

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

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

Risk assessment and measurement

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

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

Risk Monitoring

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

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

Notes forming part of the Ind AS Financial Statements

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

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

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

Risk Mitigation

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

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

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

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

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 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.

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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, 2026	For the Year ended March 31, 2026
Year-end	118.71%	119.79%
Maximum	119.79%	119.79%
Minimum	111.05%	114.49%
Average	114.54%	117.14%

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.

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, 2026

(₹ In millions)

Particulars	1 - 7 days	8 - 14 days	15 - 30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (exl debt securities)	114.58	468.88	2,649.89	4,100.12	4,003.01	10,197.80	15,299.12	13,983.69	1,464.27	-	52,281.35
Debt securities	-	-	-	124.60	-	124.27	235.27	2,492.81	-	-	2,976.95
Subordinated debts	-	-	-	143.64	-	-	-	493.69	1,491.91	-	2,129.24
Total	**114.58**	**468.88**	**2,649.89**	**4,368.36**	**4,003.01**	**10,322.07**	**15,534.39**	**16,970.19**	**2,956.19**	**-**	**57,387.54**
Cash and bank balance	3,798.52	1,000.00	10.00	-	-	-	1.71	-	-	-	4,810.23
Deposits	-	72.02	0.00	-	119.82	188.61	336.27	343.69	-	2.50	1,062.91
Receivables	-	-	-	-	-	-	0.56	-	-	-	0.56
Loans	517.13	1,745.64	1,557.31	3,807.74	3,697.77	11,981.36	18,270.94	26,467.20	80.73	-	68,125.81
Investments	-	-	-	-	-	-	-	449.78	-	-	449.78
Total	**4,315.65**	**2,817.66**	**1,567.31**	**3,807.74**	**3,817.59**	**12,169.96**	**18,609.47**	**27,260.67**	**80.73**	**2.50**	**74,449.29**

Maturity pattern of assets and liabilities as on March 31, 2025

(₹ In millions)

Particulars	1 - 7 days	8 - 14 days	15 - 30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (exl debt securities)	104.13	494.28	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
Total	**104.13**	**494.28**	**1,962.72**	**4,399.06**	**4,959.41**	**10,719.84**	**16,895.37**	**15,159.14**	**1,477.23**	**-**	**56,171.17**
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
Total	**4,997.61**	**2,210.17**	**2,826.71**	**4,897.00**	**4,834.63**	**13,891.80**	**21,938.74**	**17,461.35**	**271.62**	**0.58**	**73,330.22**

Notes forming part of the Ind AS Financial Statements

51.3. Economic Risk

In FY 2025–26, 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.

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 2025-26	Effect on Statement of Profit and loss for the year 2024-25
0.50% increase	(261.41)	(264.08)
0.50% decrease	261.41	264.08

Notes forming part of the Ind AS Financial Statements

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 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

Based on and to the extent on information received by the Company from the Suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act) there are no amounts due to the suppliers registered under MSMED Act, 2006.

Disclosure required under the micro, small and medium enterprises development act, 2006 are given as follows:

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Principal amount due	1.20	0.01
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.	-	-

Notes forming part of the Ind AS Financial Statements

53. Foreign Currency Expenditure

53.1. Foreign Currency Expenditure

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Professional Fees	-	12.63
Dividend	-	10.98

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

53.2. Unhedged Foreign Currency

The unhedged Foreign currency exposure of the Company as on March 31, 2026 is ₹ Nil, as on March 31, 2025 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”.

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 read with RBI/DOR/2025-26/359 DOR.ACC.REC. No.278 / 21.04.018 / 2025-26 dated November 28, 2025

(₹ In millions)

S. No	Particulars	As at March 31, 2026		As at March 31, 2025	
		Amount Outstanding	Amount Over Due	Amount Outstanding	Amount Over Due
	Liabilities :				
1	**Loans and advances availed by the NBFC inclusive of interest accrued thereon not paid:**				
(a)	Debentures & Preference shares				
	-Secured	1,987.04	-		-
	-Unsecured	3,119.15	-	3,113.79	-
	(Other than falling within the meaning of Public deposits)				
(b)	Deferred Credits	-	-		-
(c)	Term Loans	46,753.36	-	51,995.09	-
(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.)	536.39	-	1,226.98	-

Notes forming part of the Ind AS Financial Statements

Notes forming part of the Ind AS Financial Statements **(₹ In millions)**

S. No	Particulars	As at March 31, 2026	As at March 31, 2025
	Assets		
2	**Breakup of Loans and Advances including Bills Receivables [Other than those included in (3) below] :**		
(a)	Secured	1,621.41	37.55
(b)	Unsecured (including Interest accrued and Loans to staff)	66,504.40	67,251.66
3	**Break up of Leased Assets and Stock on Hire and other Assets counting towards AFC activities.**		
(i)	Leased Assets including Leased Rentals Accrued and Due:		
	(a) Financial Lease	-	-
	(b) Operating Lease	-	-
(ii)	Stock on fire including Hire charges under Sundry Debtors:		
	(a) Assets on Hire	-	-
	(b) Repossessed Assets	-	-
(iii)	Other Loans counting towards AFC activities		
	(a) Loans where Assets have been Repossessed	-	-
	(b) Loans Other than (a) above	-	-
4	Breakup of investments		
	Current Investments		
I	Quoted:		
(i)	Shares : (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Others (Please Specify)	-	-
II	Unquoted:		
(i)	Shares : (a) Equity	-	-
(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	449.78	588.72

Notes forming part of the Ind AS Financial Statements

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, 2026			Net of provisions as at March 31, 2025		
		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	1,621.41	66,504.40	68,125.81	37.55	67,251.66	67,289.21
	Total	**1,621.41**	**66,504.40**	**68,125.81**	**37.55**	**67,251.66**	**67,289.21**

6. Other Information

(₹ In millions)

S. No	Particulars		As at March 31, 2026	As at March 31, 2025
(i)	Gross Non-Performing Assets*	Related Parties	-	-
		Other than Related Parties	4,022.08	3,596.26
(ii)	Net Non-Performing Assets*	Related Parties	-	-
		Other than Related Parties	78.16	293.27
(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 read with RBI/DOR/2025-26/359 DOR.ACC.REC. No.278 / 21.04.018 / 2025-26 dated November 28, 2025

1. Provisions and Contingencies

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss		
Provision towards non-performing assets*	6,271.69	7,732.75
Provision made towards income tax	-	777.81
Provision for gratuity	49.66	22.30
Provision for standard assets#	(799.15)	418.42
Provision for Other Financial Asset	10.86	-6.35
Provision for other assets	17.94	26.85

*Represents impairment loss allowance on stage 3 loans.

#Represents impairment loss allowance on stage 1 and stage 2 loans.

Notes forming part of the Ind AS Financial Statements

2. Movement of NPA **(₹ In millions)**

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Net NPAs to net advances (%)	0.11%	0.44%
Movement of NPAs (Gross)		
(a) Opening balance	3,596.26	1,560.28
(b) Additions during the year	7,521.30	10,938.64
(c) Reductions during the year	7,095.48	8,902.66
Closing balance	**4,022.08**	**3,596.26**
Movement of Net NPAs		
(a) Opening balance	293.27	145.20
(b) Additions during the year	1,249.61	3,205.89
(c) Reductions during the year	1,464.73	3,057.82
Closing balance	**78.15**	**293.27**
Movement of provisions for receivables under financing activities		
(a) Opening balance	3,302.99	1,415.08
(b) Provisions made during the year	6,271.69	7,732.75
(c) Provision write-off	5,630.75	5,844.84
Closing balance	**3,943.93**	**3,302.99**

3. Concentration of advances, exposures and NPAs: **(₹ In millions)**

Particulars	As at March 31, 2026	As at March 31, 2025
Concentration of Advances		
Total Advances to twenty largest borrowers	44.36	11.29
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.05%	0.01%
Concentration of Exposures		
Total Exposure to twenty largest borrowers / customers	44.36	11.29
Percentage of Exposures to twenty largest borrowers/customers to total exposure	0.05%	0.01%
Concentration of NPAs		
Total Exposure to top four NPA accounts	3.85	1.27

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, 2026 and Year ended March 31, 2025

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.

Notes forming part of the Ind AS Financial Statements

9. No penalty has been imposed by RBI and other regulators during year ended March 31, 2026. RBI has imposed a fine of ₹0.31 million during the year ended March 31, 2025.

10. Drawdown from reserves

There has been no drawdown from reserves during the year ended March 31, 2026. (March 31, 2025: Nil)

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 enaged 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 31,2026. (March 31,2025:- 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 read with RBI/ DOR/2025-26/359 DOR.ACC.REC. No.278 / 21.04.018 / 2025-26 dated November 28, 2025:

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

S. No	Particulars	As at March 31, 2026	As at March 31, 2025
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	30	22
2	Number of complaints received during the year	761	1028
3	Number of complaints disposed during the year	785	1020
3.1	Of which, number of complaints rejected by the NBFC	0	0
4	Number of complaints pending at the end of the year	6	30
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	87	83
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	87	82
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
For the period ended March 31, 2026					
Wrong Mobile Number	1	43	-34%	0	0
Updation of Repayment Records / Digital Transactions	0	48	-43%	0	0
Employee Related	0	13	117%	0	0
Recovery Practices / Employee Behaviour	2	203	-3%	3	0
Insurance claim settlement	27	272	-50%	2	2
Updation of CIR	0	141	188%	1	0
Others	0	41	-41%	0	0
Total	**30**	**761**	**-26%**	**6**	**2**
For the period ended March 31, 2025					
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
Total	**22**	**1028**	**43%**	**30**	**15**

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 Banks, The company does not anticipate any adverse action such as levy of higher interest or recall of the facility in this regard.

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, 2026			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Maximum threshold for GNPA Ratio	2	3	3	10
Liquid Asset/ Total Asset	-	-	-	2
ROA and ROE	-	-	-	3
ICR	-	-	-	-
Maximum threshold for NNPA Ratio	-	-	-	-
Maximum threshold for AUM to Net worth Ratio	-	-	-	1
Maximum threshold for Portfolio At Risk (PAR) Accounts >30 Days	1	1	1	1
Maximum threshold for Portfolio At Risk (PAR) Accounts >90 Days	4	4	4	4

Notes forming part of the Ind AS Financial Statements

2. Breach of covenants (Contd.)

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

3. Exposure to Real Estate

(₹ In millions)

S.No	Category	As at March 31, 2026	As at March 31, 2025
A)	**Direct Exposure**		
(i)	**Residential Mortgages -**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	23.23	38.38
(ii)	**Commercial Real Estate -**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	-	-
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures -**		
a.	Residential	-	-
b.	Commercial Real Estate	-	-
B)	**Indirect Exposure**		
	Fund based and Non Fund based exposure on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
	Total Exposure to Real Estate Sector	**23.23**	**38.38**

4. The Company has no exposure to capital market directly or indirectly as of March 31, 2026 and March 31, 2025.

Notes forming part of the Ind AS Financial Statements

5. Sectoral exposure

(₹ In millions)

S.No	Sectors	As at March 31, 2026			As at March 31, 2025		
		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	54,748.81	4,116.36	7.52%	52,405.50	3,569.31	6.81%
2	**Industry**						
	Production or Manufacturing	8,489.26	530.21	6.25%	6,936.69	368.27	2.38%
	Trade and Business	8,266.46	851.97	10.31%	8,563.08	762.34	4.92%
	Total of Industry	**16,755.72**	**1,382.18**	**8.25%**	**15,499.77**	**1,130.62**	**7.29%**
3	**Services**						
	Services	10,137.55	1,199.14	11.83%	10,761.40	1,129.24	10.49%
	Total of Services	**10,137.55**	**1,199.14**	**11.83%**	**10,761.40**	**1,129.24**	**10.49%**
4	**Personal Loans**						
	Others	579.20	121.99	21.06%	1,028.11	93.45	9.09%
	Total of Personal Loans	**579.20**	**121.99**	**21.06%**	**1,028.11**	**93.45**	**9.09%**
	Total	**82,221.28**	**6,819.67**	**8.29%**	**79,694.79**	**5,922.61**	**7.43%**

55.4. Disclosure pursuant to RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24,2021 read with RBI/DOR/2025-26/359 DOR.ACC.REC. No.278 / 21.04.018 / 2025-26 dated November 28, 2025

(i) Details of transfer through assignment in respect of loans not in default during the Year ended March 31, 2026

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Count of Loan accounts Assigned (No. of Accounts)	196,747	246,392
Amount of Loan Account Assigned (In Millions)	8,632.58	8,765.56
Weighted average residual maturity (In Months)	15.62	16.58
Weighted average holding period of loans (In Months)	7.18	7.18
Retention of beneficial economic interest (MRR)	11%	10%
Coverage of tangible security coverage	NIL	NIL
Rating-wise distribution of rated loans	Retail Loans -NA	Retail Loans -NA

(ii) Details of stressed loans classified as NPA transferred to ARC

(₹ In millions)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
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

Notes forming part of the Ind AS Financial Statements

a) Details of Recovery Rating assigned for Security receipts is 'BWR RR1' (as on March 31, 2025 - 'BWR RR1'). The Carrying value of Security Receipts ("SRs") held by the Company as on March 31, 2026 is ₹ 449.78 (Gross book value: 468.94 million, Impairment allowance: 19.16 million).The Carrying value of Security Receipts ("SRs") held by the Company as on March 31, 2025 is ₹588.72 million (Gross book value: 977.39 million, Impairment allowance: 388.67 million). Refer Note 50. 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, 2026 and Year ended March 31, 2025.

55.4a. Disclosure pursuant to RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24,2021 read with RBI/DOR/2025-26/359 DOR.ACC.REC. No.278 / 21.04.018 / 2025-26 dated November 28, 2025

(i) Details of Securitisation during the Year ended March 31, 2026

Particulars	As at March 31, 2026	As at March 31, 2025
Count of Loan accounts Assigned (No. of Accounts)	249,009	NIL
Amount of Loan Account Assigned (In Mn)	9,990.84	NIL
Weighted average residual maturity (In Months)	16.87	NIL
Weighted average holding period of loans (In Months)	6.36	NIL
Weighted average Retention of beneficial economic interest (MRR)	0%	NIL
Coverage of tangible security coverage	NIL	NIL
Rating-wise distribution of rated loans	CRISIL AA+	NIL

55.4b - Disclosure on Securitisation **(₹ In millions)**

Sl. No.	Particulars	As at March 31, 2026	As at March 31, 2025
1	No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitisation	6	Nil
2	Total amount of securitised assets as per books of the SPEs	4,991.32	Nil
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First Loss	Nil	Nil
	Others	Nil	Nil
	b) On-balance sheet exposures		
	First Loss	642.62	Nil
	Others	1,210.19	Nil
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures i) Exposure to own securitisations ii) Exposure to third party securitisations First loss	Nil	Nil
	b) On-balance sheet exposures i) Exposure to own securitisations ii) Exposure to third party securitisations	Nil	Nil
5	Sale consideration received for the securitised assets and gain / loss on sale on account of securitisation	Nil	Nil
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	NIL	NIL

7	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided. (a) Amount paid (b) Repayment received (c) Outstanding amount	NIL	NIL
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	NIL	NIL
9	Amount and number of additional / top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans, etc.	NIL	NIL
10	Investor complaints (a) Directly / Indirectly received and; (b) Complaints outstanding	NIL	NIL

Note: An NBFC shall (STC) and non-STC transactions.

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 read with RBI/DOR/2025-26/359 DOR.ACC.REC. No.278 / 21.04.018 / 2025-26 dated November 28, 2025

As at March 31, 2026 **(₹ In millions)**

Asset classification as per RBI norms	Asset classification as per IND AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing asset						
Standard	Stage 1	68,255.68	346.44	67,909.24	266.72	79.72
	Stage 2	332.57	194.13	138.44	1.28	192.85
Subtotal		**68,588.25**	**540.57**	**68,047.68**	**267.99**	**272.58**
Non-Performing asset (NPA)						
Substandard	Stage 3	4,022.08	3,943.92	78.16	2,708.87	1,235.05
Doubtful						
upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**-**	**-**	**-**	**-**	**-**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		4,022.08	3,943.92	78.16	2,708.87	1,235.05
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	**Stage 1**	**68,255.68**	**346.44**	**67,909.24**	**266.72**	**79.72**
	Stage 2	**332.57**	**194.13**	**138.44**	**1.28**	**192.85**
	Stage 3	**4,022.08**	**3,943.92**	**78.16**	**2,708.87**	**1,235.05**
	Total	**72,610.33**	**4,484.49**	**68,125.84**	**2,976.87**	**1,507.62**

Notes forming part of the Ind AS Financial Statements

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
Performing asset						
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
Subtotal		**68,335.66**	**1,339.72**	**66,995.94**	**253.86**	**1,085.86**
Non-Performing asset (NPA)						
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	-	-	-	-	-
Subtotal for NPA		**3,596.26**	**3,302.99**	**293.27**	**944.26**	**2,358.73**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	**Stage 1**	**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**
	Stage 3	**3,596.26**	**3,302.99**	**293.27**	**944.26**	**2,358.73**
	Total	**71,931.92**	**4,642.71**	**67,289.21**	**1,198.12**	**3,444.59**

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 read with RBI/DOR/2025-26/359 DOR.ACC.REC. No.278 / 21.04.018 / 2025-26 dated November 28, 2025, 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 read with RBI/DOR/2025-26/359 DOR.ACC.REC. No.278 / 21.04.018 / 2025-26 dated November 28, 2025.

(₹ 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, 2026, there were NIL borrower accounts having an aggregate exposure of NIL
As of March 31, 2025, there were NIL borrower accounts having an aggregate exposure of NIL
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 read with RBI/DOR/2025-26/359 DOR.ACC.REC. No.278 / 21.04.018 / 2025-26 dated November 28, 2025:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Number of Significant Counterparties	21	22
Amount (₹ In Million)	48,599.35	52,266.53
% of Total deposits	NA	NA
% of Total Liabilities	81.92%	89.85%

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)

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.

Notes forming part of the Ind AS Financial Statements

(iii) Top 10 borrowings (amount in ₹ Millions and % of total borrowings) **(₹ In millions)**

Particulars	As at March 31, 2026		As at March 31, 2025	
	Amount (₹ In Millions)	% of total Borrowings	Amount (₹ In Millions)	% of total Borrowings
Top 10 Borrowings	34,609.25	66.20%	39,575.24	70.45%

iv) Funding Concentration based on significant instrument/product*

(₹ In millions)

Name of the instrument/ product	As at March 31, 2026	% of Total Liabilities	As at March 31, 2025	% of Total Liabilities
Term Loans	52,281.35	88.12%	52,816.59	90.79%
Non-Convertible Debentures	2,976.95	5.02%	541.67	0.93%
Subordinate Debt	2,129.24	3.59%	2,812.91	4.84%

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, 2026	74.57%	63.18%	48.50%
- As at March 31, 2025	73.53%	71.00%	54.43%

*Notes

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

(vi) Institutional set-up for liquidity risk management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk.

The Board of Directors approved the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC (Board) are held at quarterly interval and more frequently as warranted from time to time. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk return perspective and within the risk appetite approved by the Board.

The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month. The minutes of ALCO meetings are placed before the RMC in its next meeting for its perusal/approval/ratification.

Notes forming part of the Ind AS Financial Statements

(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 (Non-Banking Financial Companies – Asset Liability Management) Directions, 2025, effective November 28, 2025, read with earlier RBI circular RBI/2019-20/88 dated November 04, 2019, wherever applicable.

(₹ In millions)

S. No	Particulars	Quarter March 31, 2026		Quarter December 31, 2025		Quarter September 30, 2025		Quarter June 30, 2025	
		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	**Total High Quality Liquid Assets (HQLA)**								
a	Cash and bank balance	863.49	863.49	745.03	745.03	875.45	875.45	924.51	924.51
b	Marketable Securities	-	-	-	-	-	-	-	-
c	Unencumbered fixed deposit	-	-	-	-	-	-	-	-
d	Government Securities	2,700.53	2,700.53	3,005.61	3,005.61	2,111.93	2,111.93	2,369.89	2,369.89
		3,564.02	**3,564.02**	**3,750.64**	**3,750.64**	**2,987.38**	**2,987.38**	**3,294.40**	**3,294.40**
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which								
(i)	"Outflows related to derivative exposures and other collateral requirements"	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	6,337.93	7,288.62	6,067.19	6,977.27	6,069.92	6,980.41	5,970.32	6,865.87
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	**6,337.93**	**7,288.62**	**6,067.19**	**6,977.27**	**6,069.92**	**6,980.41**	**5,970.32**	**6,865.87**
	Cash Inflows								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	5,850.02	4,387.51	5,879.48	4,409.61	6,166.76	4,625.07	6,534.42	4,900.82
11	Other cash inflows	-	-	-	-	-	-	-	-
12	**TOTAL CASH INFLOWS**	**5,850.02**	**4,387.51**	**5,879.48**	**4,409.61**	**6,166.76**	**4,625.07**	**6,534.42**	**4,900.82**
13	**TOTAL HQLA**		**3,564.02**		**3,750.64**		**2,987.38**		**3,294.40**
14	**TOTAL NET CASH OUTFLOWS**		**2,901.11**		**2,567.66**		**2,355.34**		**1,965.05**
15	**LIQUIDITY COVERAGE RATIO (%)**		**122.85%**		**146.07%**		**126.83%**		**167.65%**

Notes forming part of the Ind AS Financial Statements

(₹ 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	**Total High Quality Liquid Assets (HQLA)**								
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	-	-
		3,247.31	**3,247.31**	**3,362.14**	**3,362.14**	**2,776.45**	**2,776.45**	**6,140.32**	**6,140.32**
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which								
(i)	"Outflows related to derivative exposures and other collateral requirements"	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	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	**TOTAL CASH OUTFLOWS**	**5,781.07**	**6,648.23**	**8,138.85**	**9,359.67**	**6,052.10**	**6,959.91**	**6,173.23**	**7,099.21**
	Cash Inflows								
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	**TOTAL CASH INFLOWS**	**7,232.56**	**4,986.18**	**7,650.25**	**5,737.69**	**7,772.01**	**5,219.93**	**8,150.35**	**5,324.41**
13	**TOTAL HQLA**		**3,247.31**		**3,362.14**		**2,776.45**		**6,140.32**
14	**TOTAL NET CASH OUTFLOWS**		**1,662.06**		**3,621.99**		**1,739.98**		**1,774.80**
15	**LIQUIDITY COVERAGE RATIO (%)**		**195%**		**93%**		**160%**		**346%**

*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.

Notes forming part of the Ind AS Financial Statements

56: Gold Loan Portfolio

56.1 Gold Loan Portfolio Overview

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Gold Loan AUM (₹ in crore)	1,589.14	-
Number of active gold loan accounts	9,932.00	-
Number of customers	6,902.00	-
Average ticket size (₹)	0.16	-

56.2 Asset Quality – Gold Loan Portfolio

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Standard Assets	1,604.34	-
Gross NPAs	5.61	-
Net NPAs	4.77	-
Provisions held	0.84	-
Provision Coverage Ratio (%)	15.00%	-

56.3 Income Recognition

(₹ In millions)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Interest income on gold loans	66.10	-
Interest income on NPAs (on realisation basis)	-	-

Policy: Income on gold loans is recognised on an accrual basis, except for NPAs where income is recognised on a realisation basis, in line with RBI IRAC norms.

56.4 Auction of Pledged Gold Jewellery

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Number of accounts auctioned	Nil	Nil
Outstanding amount (₹ in crore)	Nil	Nil
Amount realised (₹ in crore)	Nil	Nil
Surplus refunded to borrowers (₹ in crore)	Nil	Nil

Disclosure: The Company follows a transparent auction process with adequate borrower notification. Surplus, if any, is refunded to borrowers.

56.5 Collateral, Valuation and Custody

Particulars	Description
Nature of collateral	Gold jewellery / ornaments
Valuation basis	Based on purity and prevailing market price
Assaying process	Standardised internal / external
Custody	Secured vaults with dual control
Insurance	Fully insured

Note: Loans are not extended against bullion, coins, or gold-backed financial instruments.

Notes forming part of the Ind AS Financial Statements

56.6 Concentration and Exposure

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Maximum single borrower exposure (₹)	4.74	-
Top 20 borrowers exposure (₹)	59.63	-
Geographic concentration – Top State (%)	33.17%	-

57: Fraud

57.1 Disclosure of Frauds reported during the year to RBI vide DNBS PD.CC NO. 256 / 03.10.042 / 2012 -13 dated 2 March 2012 read with RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023:

(₹ In millions)

Particulars	As at March 31, 2026	As at March 31, 2025
Number of frauds reported during the year / period to Reserve Bank of India	31	29
Amount involved in such frauds	9.72	20.88

58: Additional Regulatory information as per MCA notification dated March 24, 2021

58.1 Proceedings under Benami Transactions (Prohibition) Act

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder in the year ended March 31, 2026 and year ended March 31, 2025.

58.2. Wilful Defaulter

The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in the period ended March 31, 2026 and year ended March 31, 2025.

58.3. Transactions with struck of companies

The Company does not have any transactions with companies whose names have been struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956

58.4. Registration of charges or satisfaction with Registrar of Companies (ROC)

There are no charges or satisfaction in relation to any debt / borrowings which were yet to be registered with ROC beyond the statutory period as at March 31, 2026 and as at March 31,2025.

58.5. Compliance with number of layers of companies: Not Applicable

58.6. Utilisation of Borrowed funds

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

58.7. Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual currency during the year ended March 31, 2026 and year ended March 31, 2025.

Notes forming part of the Ind AS Financial Statements

58.8. Compliance relating to Audit Trail on accounting Software uses by the Company

The software used by the Company for maintaining its books of account 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") 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 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."

58.9. There are no transactions which have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act 1961. Also, there are no previously unrecorded income and related assets which are recognised in the current year.

59. Ratings assigned by credit rating agencies

Instrument	Rating agency	Rating / Grading	
		As at March 31, 2026	As at March 31, 2025
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

60: Previous year comparatives

Previous year's figures have been regrouped / reclassified, wherever considered necessary, to conform with current year's presentation.

The accompanying notes are an integral part of the financial statements

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

Sd/-
S Usha
Partner
Membership No. 211785

Date : 05.05.2026
Place : Chennai

For and on behalf of Board of Directors

Sd/-
K Venkataraman
Non-Executive Chairman
(DIN. 02443410)

Sd/-
J Balakrishnan
Wholetime Director & Chief Executive Officer
(DIN. 09099182)

Sd/-
L Muralidharan
Chief Financial Officer

Sd/-
Sunil Kumar Sahu
Company Secretary

Belstar™

Microfinance Limited

Lending Hope. Building Futures.

Registered Office: M V SQUARE, No 4/14, Soundarapandian Street, Ashok Nagar, Chennai, Tamil Nadu – 600 083.

Tel: +91-44-43414567 | bml@belstar.in | belstar.in

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