

From the CEO's Desk



Dear Friends,

It gives me immense pride to connect with each of you through this newsletter as we enter the second half of FY 2025–26, a pivotal phase for Belstar. Your continued dedication remains the cornerstone of our progress.

The past quarter has reaffirmed a fundamental truth in microfinance: **"Sustainable growth is driven not just by outreach, but by the strength of our processes."** Doing things right, the right way, every time consistently will be key to our success.

A key milestone was the successful roll-out of risk-based pricing through **BEL-Score**, ensuring fairness to borrowers while aligning lending rates with portfolio risk. This reinforces transparency and balances access with prudence.

We've also made meaningful progress in **collections** management. Timely, respectful follow-ups, enabled by technology, have helped preserve asset quality and supported borrowers in maintaining credit discipline. Our field teams continue to demonstrate resilience and responsibility, ensuring that performance is always balanced with dignity.

Our digital transformation is accelerating, helping reduce operating costs. The adoption of **Samrithi**, our proprietary app, and **Dynamic QR**, now active for both business and collection teams, is streamlining repayments, enhancing engagement, and building trust. While digital collections are a priority, conducting Customer Service Meetings (CSMs) remains mandatory, and all repayments during CSMs must be made digitally to reinforce our digital-first approach.

We must encourage and educate our borrowers on the usage of **Samrithi**, **Dynamic QR** and **WhatsApp Pay** for their repayment needs to enhance convenience and transparency in our processes, as well as enable us to reduce our dependence on BBPS, which is a paid platform.

I call upon each one of you to come together to achieve our ambitious goals, for which we must act with urgency and unity. Our focus areas are clear:

- **Growth Revival:** We have seen the revival of the Microfinance industry in the past 2 quarters after the implementation of strict guardrails by MFIN. Ours was no different, with momentum picking up in the last few months, we must commit ourselves to sustaining this and work collectively to achieve our **PAT target of ₹ 90 Cr** this year.
- **Operational Self-Sufficiency (OSS):** OSS is more than a financial metric, it reflects our ability to cover operational costs while delivering consistent returns sustainably. Every branch must achieve the **OSS target of 140%** to become profitable. Leaders must ensure every branch understands its critical role in driving both branch-level and organisational-level sustainability.

- **Disbursement Excellence:** Disbursement is the engine that drives our business. Every quality disbursement contributes to higher-quality interest income, which is essential for achieving optimal OSS. Use BEL-Score, our risk-based pricing model, to assess the borrowers and explain the risk-based pricing to them, ensuring the quality of disbursement.
- **Regular Collection Efficiency (RCE):** We must aim for a minimum RCE of 99.60%, if not 100%. This is achievable only through 100% daily collections and maintaining the Daily Run-rate (DRR). Failing to achieve these minimum thresholds below will impact us from achieving our goals.
 - Focused recovery of **minimum 60%** from **1–60 DPD** bucket
 - **More than 80%** of the **61–90 DPD** bucket is critical to arrest slippage and avoid NPAs.
 - Special attention must be given to **red-coloured borrowers** and
 - Collecting a **minimum of 1% in Written-off, ARC (including OTS)** buckets.
- **Field Execution:** RM's must take ownership and ensure that mandatory visits are conducted **for all NQA loans**. ZH's are responsible for ensuring compliance.
- **One-Time Settlements (OTS):** OTS is a vital tool to resolve long-pending accounts, reduce slippage into NPAs, and improve profitability by lowering provisioning requirements. Online OTS has been enabled for both business and collections teams recently. Do make good use of it to settle long-pending accounts.
- **Customer Service Meetings (CSMs):** All our borrowers are women to whom we lend through Self-Help Groups and the Pragati (JLG) model. CSMs become an important ally to help us understand group dynamics, ringleader issues or any other issues faced by the borrowers, educate them on digital payment options, understand their needs better and cross-sell other products or provide training that they may require, thereby building a long-term relationship with our borrowers. Overdue customers must be part of all CSM meetings. A **min. attendance of 85–90%** is essential to ensure meaningful engagement and build lasting relationships.
- **Maiden CSM:** For the **first EMI** borrowers, your Maiden CSM provides an opportunity to:
 - Do a physical residence verification
 - Verify loan utilisation
 - Introduction of Members helps with the Group acquaintance check
 - Educate borrowers on digital payment options, educate them on the usage of Samrithi & Dynamic QR in their payment journey, and
 - Cross-sell our other financial products, including Gold Loan referral to our own branches or Muthoot Finance Branches

Leaders must ensure that branches conduct **Customer Service Meetings (CSMs)** and are captured in MMI effectively and consistently, with discipline. To maintain a high-quality portfolio, it is crucial to return to the basics by mandating CSM at all our branches every month.
- **Account Classification:** To build a quality portfolio and support our turnaround strategy, we must track our borrowers and ensure 100% CE.
 - **Quick Book:** Borrowers with up to 4 EMIs must be monitored closely with timely follow-up to help them build on the habit of OTR. Conduct monthly CSM, and ensure adoption of digital payment methods through our Samrithi app, Dynamic QR or WhatsApp Pay. Achieving **100% CE** from these borrowers is a must.
 - **Recent Book:** These are borrowers with up to 6 EMI payments towards their loan. Ensure a **minimum of 99.85% CE** from these borrowers and conduct monthly CSM.
 - **Fresh Book:** These are borrowers with up to 12 EMI payments towards their loan. If there is proper follow-up of these borrowers in the earlier Quick Book & Recent Book, then rest assured, these borrowers can become our ambassadors with better OTR & CE. Build strong relationships with them, understand their needs and provide necessary solutions.

Having higher collections in Quick, Recent & Fresh Books ensures that our books remain strong and healthy. The table below provides you with the minimum threshold that each of you must strive to achieve, if not 100%.

MINIMUM THRESHOLD					
Quick Book (4M)		Recent Book (6M)		Fresh Book (12M)	
RCE	OTR	RCE	OTR	RCE	OTR
100%	95%	99.85%	90%	99.65%	85%

These classifications are integral to building a high-quality portfolio. By rigorously applying **MFIN guardrails** in our customer selection process and aligning our offerings with risk-based pricing through **BEL-Score**, we can ensure this objective is met. I firmly believe that this disciplined approach will lead to a marked improvement in portfolio quality over the next 6–8 months, propelling our organisation on a strong upward trajectory.

At this moment, I am happy to inform you that we have obtained a **Corporate Agent** license from IRDAI, enabling us to offer insurance solutions and strengthen our financial protection offerings for borrowers.

With the dedication of our teams, the trust of our stakeholders, and the continued guidance of our Board, I am confident that we are poised for a strong resurgence. Let’s move forward with renewed purpose, united in our mission to empower communities and build a resilient Belstar.

J. Balakrishnan
Whole Time Director & CEO



Wall of Fame dedicated to honour Qualifiers at Head Office!

Congratulations to the Qualifiers who enabled their branches to shine bright by achieving consistently 99.50% in CE - minimum 4 clusters with 100 case load per cluster for 9 and 11 months period in FY24-25

18 Branches qualified to be on the Wall of Fame for being consistent in their CE for 11 months during FY24-25

Karandihi | Patiram | Datan | Beltali | Gosaba | Kiliyanur | Marakkanam | Murukkeri | Hatuganj | Namkhana | Patharpratima | Bahoor | Barobisha | Muthiyalpet | Devipattinam | RS Mangalam | Naxalbhari | Villianur

4 Branches qualified to be on the Wall of Fame for being consistent in their CE for 9 months during FY24-25

Ekanampettai | Nabagram | Pundibari | Vanur

Snapshots



Belstar Wins **SKOCH Award 2025 (Silver)** 🏆 at the 103rd SKOCH Summit, under the theme **"Social Contract of Business"** in recognition for Empowering Financial Inclusion through **Omnichannel Repayment Initiative**



Certified according to **ISO/IEC 27001**, demonstrating our commitment to robust data protection, secure operations, and effective IT governance and risk management.

VISION FORWARD

REVIEW. REALIGN. REIGNITE



Belstar hosted its Mid-Year Strategy Review Meet, themed "Vision Forward," at The Feathers - A Radha Hotel on October 7, 2025. The event drew participation from senior leaders across the country to brainstorm and devise a roadmap for H2 of FY25-26.

A highlight of the event was a special presentation by **Mr. V.A. George, Board Director**, inspiring leaders with insights drawn from the 7 Habits of Eagles.

The meet concluded with recognition and rewards for top achievers at the circle level in both business and collections teams, celebrating excellence and commitment.



Snapshots

At Belstar, every festival is a reason to come together as one team, one family. From the spirit of Independence Day, to the joy of Onam, the traditions of Vijayadasami and the lights of Diwali. We celebrate with unity, colour, and cheer.

From traditional attire and festive décor to sweets, smiles, and shared stories — we celebrate with heart, with heritage, and with each other. Because at Belstar, celebration has no bounds.



Winners of Best Dressed Branch during Vijayadasami Celebrations



1st Place - Hubli, Karnataka



2nd Place - Sunguvarchathram – Tamil Nadu

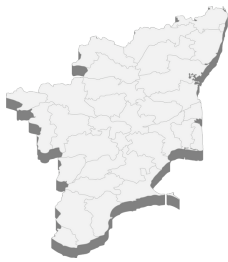


3rd Place - Wadakkanchery – Kerala



On a Expansion Spree!

Our Gold Loan business is steadily expanding its footprint, with **35 branches** now operational across four Southern States racing towards new milestones everyday!



Tamil Nadu
08

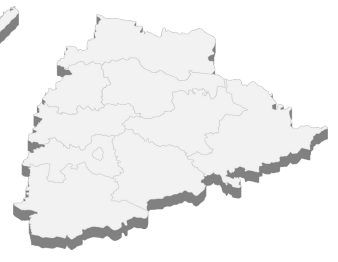
Branches



Karnataka
15



Andhra Pradesh
03



Telangana
09

WELCOME ABOARD



Rajesh Subramanian
Business Head - South



Narayana Murthy A Y
Chief Risk Officer

INTEGRITY PLEDGE

As part of Vigilance Awareness Week 2025 from 27th Oct - 2nd Nov, all our staff took the pledge to uphold ethical conduct and eliminate corruption in all walks of life.





Mita Pandit

Loan ID: 181600103791

From Homemaker to Herbal Soap Entrepreneur

Mita Pandit, a member of the Bhorer Alo Self-Help Group in Daspur, West Bengal, transformed her life through Belstar Microfinance's CSR initiative in partnership with Hand in Hand India. Previously a homemaker and occasional wage worker, Mita aspired to build a sustainable livelihood. She was selected for a soap-making skill development program that taught her to craft herbal soaps using natural ingredients like neem, aloe vera, and tulsi.

The training covered hygiene standards, branding, packaging, costing, and market linkage strategies. With financial support from her SHG loan, Mita procured raw materials and equipment to begin production at home. Her first month saw the creation of 200 soap bars, generating ₹5,000 in revenue and ₹1,800 in net income.

Encouraged by positive feedback from her community, Mita scaled up production, improved product quality, and gained recognition in local markets. Her herbal soaps became popular for their natural appeal and consistent quality. She transitioned from a dependent homemaker to a confident entrepreneur contributing significantly to her household income.

Mita now dreams of launching her own brand, expanding her customer base through fairs and exhibitions, and training other SHG women to form a collective enterprise. Her journey exemplifies how skill development, microfinance, and determination can empower rural women. Mita's story inspires others to "start small, dream big," proving that with the right support, women can achieve financial independence and become role models in their communities.



IMPACT HIGHLIGHTS



Empowering Rural Women through Agarbatti-Making Training

In July 2025, Belstar Microfinance, in partnership with Hand in Hand India, conducted a two-day agarbatti-making skill development program at the Karandighi branch in Uttar Dinajpur, West Bengal. The training aimed to empower 21 women SHG members—primarily housewives—with practical skills to start home-based enterprises.

Participants learned raw material preparation, rolling, drying, finishing, and packaging techniques. They were also trained in hygiene standards, quality control, costing, pricing, and basic marketing strategies. Post-training, nine women (referred to as "Didis") took the initiative to begin small-scale production, supported by SHG loans from Belstar.

In their first month, each Didi invested ₹1,200 in raw materials and produced around 150 packets of incense sticks, earning a gross revenue of ₹2,250 and a net income of ₹1,050. This marked a significant shift from daily wage dependency to self-driven income generation.

The impact was transformative: the women gained financial independence, boosted household income by ₹1,000–₹1,200 monthly, and earned recognition as entrepreneurs in their communities. Their success inspired the remaining 12 participants to consider starting their own ventures.

The Didis' message—"If we can roll agarbattis with our own hands and earn, we can also shape our future with our own strength"—captures the spirit of the initiative. This case study highlights how targeted skill training, financial support, and peer motivation can ignite sustainable entrepreneurship among rural women, fostering economic resilience and community empowerment.

