



# Belstar

## Microfinance Limited

A Subsidiary of Muthoot Finance Limited

ANNUAL REPORT  
2020-21

Creating livelihoods...transforming lives



# Belstar

## Microfinance Limited

(Formerly known as Belstar Investment and Finance Private Limited)



Annual Report 2020-21

# CONTENTS

1. Corporate Information	01
2. Vision & Mission	02
3. Competitive Advantage	03
4. Corporate Highlights	04
5. Financial Highlights	05
6. Geographical Outreach in India	06
7. Message from the Managing Director	07
8. Board of Directors	09
9. Investors Profile	13
10. Key Milestones: Achievements in Twelve Years	14
11. Lending Helping Hand: CSR	15
12. Insurance: Safety net	29
13. Hello Belstar Calling	31
14. Case Studies	36
15. Management Discussion Analysis	47
16. Director's Report	88
I. Annexure-1 Secretarial Audit Report	102
II. Annexure-2 Form no. Aoc.2	106
III. Annexure-3 Annual Report on CSR Activities	107
IV. Annexure-4 Details of Managerial Remuneration	112
V. Annexure-5 Corporate Governance	114
17. Financial Statements	134
I. Independent Auditor's Report	135
II. Balance Sheet	143
III. Statement of Profit and Loss	144
IV. Cash Flow statements	146
V. Notes forming Part of Financial Statements	147

## KEY NUMBERS 2020-21

### Revenue

₹ Millions

**5531.59**

↑↑ 10.5

### Loan Assets

₹ Millions

**32987.34**

↑↑ 25

### Net Worth

₹ Millions

**5417.15**

↑↑

↑↑ % increase y-o-y (compared to FY 19-20)







# Microfinance

- is a category of financial services targeting low income individuals who lack access to conventional banking and related services.
- includes microcredit, the provision of small loans to poor clients; savings and checking accounts; microinsurance; and payment systems, skill training.
- services are designed to reach excluded customers, usually poorer population segments, possibly socially marginalized, or geographically more isolated, and to help them become self-sufficient by providing means of saving money , borrowing money, insurance for self and spouse, skill training and assist in creating an income generating sustainable livelihood.

## Corporate Information

### BOARD OF DIRECTORS

- **Dr. Kalpanaa Sankar**, Managing Director
- **Mr. K B Balakumaran**, Director
- **Mr. K. R. Bijimon**, Investor Director
- **Mr. George Alexander**, Investor Director
- **Mr. George M Jacob**, Investor Director
- **Mr. A. Subramanian**, Independent Director
- **Mr. V A George**, Independent Director
- **Mr. David Arturo Paradiso**, Investor Director
- **Mr. K. Venkataraman**, Independent Director
- **Mr. Chinnasamy Ganesan**, Independent Director

### CHIEF FINANCIAL OFFICER

- **Mr. L. Muralidharan**

### COMPANY SECRETARY

- **Mr. Sunil Kumar Sahu**

### STATUTORY AUDITORS

- **N. Sankaran & Co.**

### INVESTORS

- Muthoot Finance Ltd
- Hand in Hand Consulting Services Pvt Ltd
- Sarvam Financial Inclusion Trust
- Maj Invest Financial Inclusion Fund II K/S

### BANKERS & FINANCIERS

- Aditya Birla Finance Limited
- Axis Bank Limited
- Bandhan Bank Limited
- Bank of Bahrain and Kuwait B.S.C
- Bank of Baroda
- CSB Bank Ltd
- Lakshmi Vilas Bank  
(Now part of DBS Bank India Limited)
- Dhanalaxmi Bank Limited
- Equitas Small Finance Bank
- Hero Fincorp Limited
- Hinduja Leyland Finance Limited
- ICICI Bank Limited
- IDBI Bank Limited
- IDFC First Bank Limited

### BANKERS & FINANCIERS

- Indian Bank
- Indusind Bank Limited
- Karur Vysya Bank Limited
- Kotak Mahindra Bank Limited
- Maanaveeya Development & Finance Private Limited
- Micro Units Development & Refinance Agency Limited(MUDRA)
- Nabkisan Finance Limited
- Nabsamruddhi Finance Limited
- National Bank For Agriculture and Rural Development(NABARD)
- Punjab National Bank
- RBL Bank Limited
- SBM Bank (India) Limited
- Small Industries Development Bank of India (SIDBI)
- Standard Chartered Bank
- State Bank of India
- Sumitomo Mitsui Banking Corporation
- The federal Bank Limited
- UCO Bank
- Ujjiwan Small Finance Bank Limited
- Union Bank of India
- Woori Bank
- Yes Bank Limited

### CREDIT BUREAU

- CRIF
- Equifax
- Experian
- CIBIL

### ASSOCIATES

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

### DEBENTURE TRUSTEES

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



# Vision & Mission



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

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



To provide digital financial inclusion to microentrepreneurs

Integrity,  
Professionalism,  
Accountability,  
Transparency,  
Teamwork



A MILLION **JOBS**<sup>o</sup>  
A MILLION **SMILES**<sup>o</sup>





# Competitive Advantages



# Corporate Highlights

## Disbursement (₹ In Mn)

26,132.07

FY 20

24,350.27

FY 21

## Employees (No's)

4,428

FY 20

4,562

FY 21

## Branches (No's)

603

FY 20

649

FY 21

## Customer Accounts (No's)

12,03,633

FY 20

13,80,584

FY 21

## Balance Sheet Size (₹ In Mn)

25,187.88

FY 20

34,672.88

FY 21

## Loan Assets (₹ In Mn)

26,300.87

FY 20

32,987.34

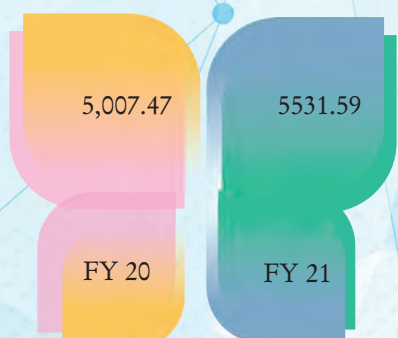
FY 21



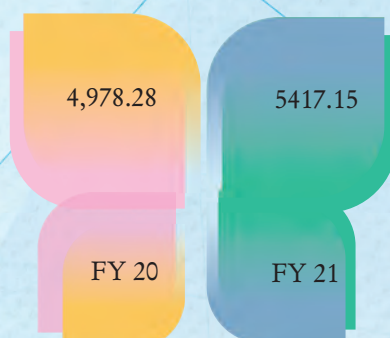


# Financial Highlights

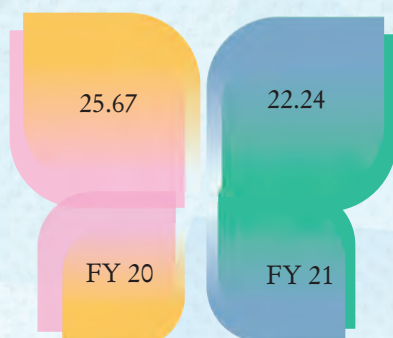
## Total Revenue (₹ In Mn)



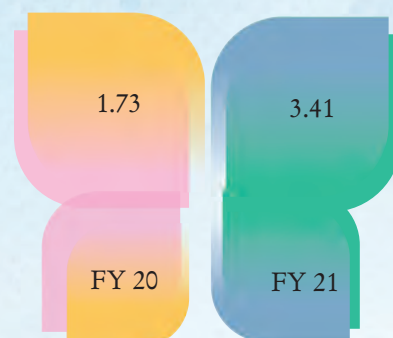
## Net Worth (₹ In Mn)



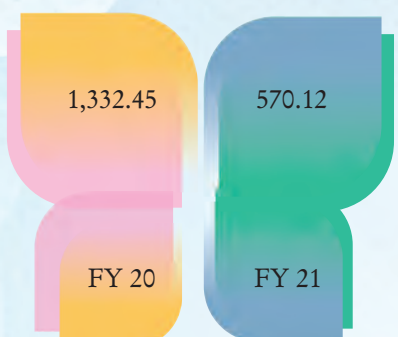
## CRAR (%)



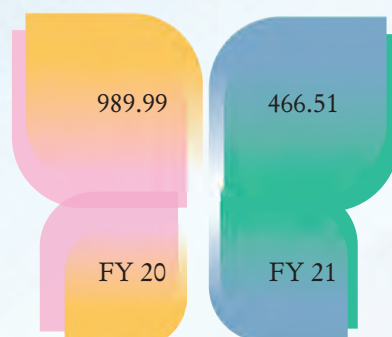
## Expected Credit Loss (%)



## PBT (₹ In Mn)



## PAT (₹ In Mn)



## Geographical Outreach in India

	SHG	Pragati	SP	TOTAL	SHG	Pragati	SP	DA	TOTAL
	Branch Count				Portfolio - Amount in Millions				
TAMILNADU	240	-	15	255	14,978.04	-	402.61	83.14	15,463.79
PUDUCHERRY	5	-	-	5	359.53	-	-	0.48	360.00
KERALA	2	35	-	37	1.92	1,938.65	-	3.67	1,944.24
KARNATAKA	15	27	12	54	886.44	1,606.48	304.21	25.45	2,822.58
MAHARASHTRA	-	30	-	30	-	1,487.28	-	30.97	1,518.25
MADHYA PRADESH	17	26	3	46	815.26	1,605.12	199.34	27.91	2,647.62
CHATTISGARH	-	25	-	25	-	871.79	-	9.88	881.67
ODISHA	4	13	20	37	161.15	496.45	266.40	8.62	932.62
GUJARAT	-	29	-	29	-	1,244.26	-	82.56	1,326.82
HARYANA	-	-	7	7	-	-	96.63	4.76	101.40
PUNJAB	-	-	5	5	-	-	219.33	0.48	219.81
RAJASTHAN	1	24	-	25	0.10	1,072.97	-	59.81	1,132.88
BIHAR	-	21	-	21	-	934.49	-	64.33	998.81
JHARKHAND	-	-	-	-	-	-	-	3.49	3.49
UTTAR PRADESH	-	23	13	36	-	1,044.01	521.33	36.08	1,601.42
UTTARAKHAND	-	9	-	9	-	309.55	-	0.39	309.94
WEST BENGAL	18	-	-	18	428.48	-	-	-	428.48
NEW DELHI	-	-	3	3	-	-	29.71	-	29.71
TRIPURA	-	-	7	7	-	-	263.80	-	263.80
<b>TOTAL</b>	<b>302</b>	<b>262</b>	<b>85</b>	<b>649</b>	<b>17,630.92</b>	<b>12,611.04</b>	<b>2,303.36</b>	<b>442.02</b>	<b>32,987.34</b>

## Message from the Managing Director

Dear Shareholders,

We are delighted to share with you Belstar Microfinance's Annual Report for 2020-21. The year began with the Covid19 pandemic coupled with a nationwide lockdown. Our preparedness to tackle these challenges with a focus on sound treasury management, employee safety and portfolio quality has ensured the year closing with an AUM of INR 3299 crores, a 25 % increase from end of March 2020. Our PBT and PAT are at INR 57 crores and INR 46 crores, respectively. Through the year, the Company has reached out to 13,80,584 clients spread across 18 states and 649 branches.

Tackling the pandemic while ensuring employee safety and continued business operations was our primary priority. To cope with the challenges, we evolved a work from home protocol, identified divisions that can function remotely, shifted to digital mode for meetings, reviews and training. We ensured constant communication from the top down to the field team. We constantly took measures to conduct training on Covid19 protocol for staff and clients and covered the staff with a Covid19 insurance policy.

In view of frequent lockdowns, we spent considerable time and energy on different collection strategies. We quickly understood that digital was the way forward and launched a mobile application, Samrithi, to aid digital collections. The app is available on the Google Play Store and connects with all UPIs to facilitate ease of payment. Nearly two thirds of our clients now have access to the app, where they can not only make payments but also see their loan outstanding and soon apply for a new loan too. Getting clients to acclimatize to digital collections was not easy, but the team spent a lot of time training clients on smart phone usage and digital payments especially in terms of security and safety. Currently, 10% of our clients repay through these digital modes and we hope to increase this substantially in the coming year.

One of my key priorities as managing directors was maintaining portfolio quality and ensuring business continuity especially with older clients with a good track record pre-Covid19. Aside from optimum treasury management, we received funding at very fine pricing from Government of India relief measures through NABARD and SIDBI which helped us sail through a difficult year.

To keep up with the demand, we developed new products such as the emergency loan to suit customer needs to provide them with working capital for their businesses. We also invested in credit plus activities so that clients have alternative livelihood opportunities. 60% of our clients have agri-based livelihoods and where possible, we have supported with market linkages. We forged strategic partnerships through sales of Hospicash, gold loan and consumer goods loan to increase our profitability. Our risk framework has been robust and pre-emptive, preparing for every stage of the evolving pandemic.

Our staff have been a pillar of strength through the year. We unfortunately lost 8 young leaders to the pandemic but the Covid19 insurance policies and staff schemes are supporting their families to come out of this loss. The HR initiatives too have gone digital, and performance appraisals have all been driven by data making it very robust. Hand in Hand Academy's role in staff training along with the HR team have ensured that we retain good quality manpower and are on the way to reducing attrition. Despite the pandemic, the Management team ensured high level coordination and communication such that all statutory, regulatory and legal compliances have been filed in a timely manner while keeping employees safe.





Our customers come first, and we remain a committed, socially responsible MFI. Owing to these factors and the excellent parentage of Muthoot Finance Ltd, we received an upgraded rating of AA-/Stable from CRISIL and the highest COCA rating of M1C1 from CARE Advisory Research & Training Ltd., furthering our commitment to our clients. These factors have boosted our confidence and have given Belstar high profile industry recognition.

We are continuing to focus on finding the right client both with data analytics and with processes such as village level mapping and village as a business unit to facilitate customer retention and enhance social collateral to clients.

I thank the leadership team, senior management and the entire staff for their positive attitude, commitment and team work during this entire year. I sincerely thank our Chairman, our esteemed Board of Directors, Independent Directors and the various Committee members for their time, unflinching support and guidance through the year that has been pivotal in tiding over this crisis. I thank MD Muthoot for this relentless support and strategic guidance.

The new financial year brings with it new challenges. 2020-21 has made us stronger and resilient. We are confident that we will overcome the challenges with our trusted clientele, dedicated team and guidance of our experienced Board. We hope that the harmonisation of MF loans being piloted by RBI would provide us a level playing field in these critical times.

*Kalpana Sankar*

Dr. Kalpanaa Sankar



## Board of Directors

### **Dr. Kalpanaa Sankar, Managing Director**

Dr. Kalpanaa Sankar has been involved in the self-help group movement for 21 years and has specialized in participatory assessment, gender differentiated impact and monitoring tools. She was the Monitoring and Evaluation Officer for IFAD and was Consultant with UNOPS, UNDP, Christian Aid and Wetlands International. She has also been Consultant with the South African government and supported poverty reduction, job creation and microfinance programmes in Afghanistan and Brazil.

Dr. Kalpanaa Sankar has authored publications on child labour, microfinance and self-help groups. She is the co-founder and Managing Trustee of Hand in Hand India.

Dr. Kalpanaa Sankar has an Executive MBA from TRIUM, where she was the first recipient of a scholarship to pursue the programme. TRIUM is an alliance among NYU Stern School of Business, London School of Economics and Political Science and HEC School of Management, Paris.

Dr. Kalpanaa Sankar is the recipient of the “Princess Sabeeka Bint Ibrahim Al- Khalifa Global Award for Women Empowerment under the Individuals Champions category”, an award given in partnership with the Kingdom of Bahrain and UN Women in New York in 2019. She has also received the “Nari Shakti Puraskar-2016 for the contribution to the empowerment of vulnerable and marginalized women from the Hon’ble President of India and Ministry of Women & Child. Under her leadership, her organization, Hand in Hand India has won the ‘Pradhan Mantri Bal Kalyan Puraskar’ for its dedicated work towards child welfare and education.



### **B. Balakumaran, Director**

Mr. Balakumaran has served in Indian Bank, a nationalised bank for 21 years in various capacities such as Rural Development Officer, Officer in-charge of Gramodaya Kendra, Project Manager - IBSUM and Branch Manager. He has independently managed the Agricultural Credit Desk at the Regional Office of Indian Bank. He brings with him a blend of skill and field experience in rural banking, SHG Movement and Microfinance, specifically in the areas of group formation, credit appraisal, credit linkage of SHGs, monitoring and portfolio quality. He holds a Bachelors in Agriculture and started his career as an Agricultural Officer in the extension wing of the Tamil Nadu State Agricultural Department. He worked at Belstar for more than 12 years in Operation department and retired as Business Head in April 2021.





### **K. R. Bijimon, Investor Director**

Mr. Bijimon is the Chief General Manager of Muthoot Group and oversees credit and operations of zonal offices, internal audit, marketing, IT and vigilance divisions of the company. He is also the Chief Operating Officer for the global operations of Muthoot Group (USA, UK, UAE, Hong Kong, Singapore and Sri Lanka). A Fellow Member of the Institute of Chartered Accountants of India and a Fellow Member of Certified Management Accountants, Institute of Sri Lanka, Mr. Bijimon has over 18 years of experience in the field of financial services and is employed in the Muthoot Group since inception.



### **George Alexander, Investor Director**

Mr. George M. Alexander has done his Master's in Business Administration from University of North Carolina's Kenan & Flagler Business School and Bachelor's in Mechanical Engineering from University of Kerala College of Engineering. he is the Executive Director at Muthoot group and takes care of operations in the state of Karnataka and has the additional responsibility of monitoring the global operations of The Muthoot Group in the US. Prior to joining his family business, Mr. George had worked for ING and Kotak Mahindra Banks in India.



### **George M Jacob, Investor Director**

A management graduate from Cass Business School (London), Mr. George Muthoot Jacob is the Executive Director at the Muthoot group and manages Legal, Corporate Affairs & Marketing of the Group. He also holds an LLM in international Economic Law from the University of Warwick, Coventry, United Kingdom. He completed his bachelor's degree in law from the National University of Advanced Legal Studies, Kochi. He renders his expertise in the field of legal, compliance, and corporate governance, internal audit, risk management, marketing and sales of the Group.



### **David Arturo Paradiso, Investor Director**

David Paradiso has over 13 years of international experience managing finance operations, private equity and venture capital in the US and Latin America at Ernst & Young, Dell Corporation, start-ups and NGOs. Currently leads Maj Invest's India office managing investments in the Financial Inclusion sector. David holds an MBA focused on finance, international business and private equity from Brigham Young University (US) and Strategic Leadership on Inclusive Finance from Harvard University.



### **A. Subramanian, Independent Director**

He is former Executive Director of Indian Bank. Before elevation as Executive Director, he was General Manager in Oriental Bank of Commerce in charge of Treasury, International Banking, Investor Relations and HR. He has four decades of banking experience both in administrative offices as well as in the field, covering all facets of banking.

Mr. Subramanian has participated in several international seminars and has convened meetings with investors of the bank, in India and outside India. While in service he was an active member of Accounts and Taxation Committee of Indian Banks Association since 2004.





### **V A George, Independent Director**

Mr. V.A. George is a Mechanical Engineering Graduate with a Post Graduate Diploma in Management. He holds a Board Director Diploma with Distinction from International Institute for Management Development, Switzerland and also a Corporate Director Certificate from Harvard Business School. He is a Certified Director in Corporate Governance from INSEAD, Paris. He was the past Chairman of Equipment Leasing Association of India and a guest faculty at Reserve Bank of India Staff College. Out of his four decades of experience in the Corporate world (both in public and private sectors), more than 25 years have been in senior management positions. He is a Certified Associate of the Indian Institute of Banking and Finance. He is a Fellow of All India Management Association and Institute of Directors. Mr. V.A. George is currently the Executive Chairman of Thejo Engineering Limited.



### **K. Venkataraman, Independent Director**

Mr Krishnamoorthy Venkataraman has more than 40 years of experience in commercial banking, retail banking, international banking and foreign exchange, credit analysis and credit risk management. He was Managing Director and Chief Executive Officer of Karur Vysya Bank until August 2017, leading a massive transformational growth of the bank for over six years. Prior to this he was associated with SBI Global Factors Ltd as Managing Director and Chief Executive Officer. He was with State Bank of India for over three decades working in various capacities upto the rank of Chief General Manager and in various assignments including a stint in Japan as Vice-President (Credit and Operations) handling loan syndications, treasury and funding, asset liability management and investment banking. He is a Fellow of Indian Institute of Banking and Finance and was a member of Governing Council of the Institute. He has also worked with Foreign Exchange Dealers Association of India (FEDAI) as Chairman. He was Member, Commission on Banking Techniques and Practice, International Chamber of Commerce, Paris and Member, Executive Committee, International Chamber of Commerce, India. He also served as Group Head of India, Indo-Bangladesh Joint Commission-Banking Sub-Group and as Member, Indo-Russian Banking Sub-Group. He is also serving as part-time Non-executive Chairman of Coastal Local Area Bank.





### **Chinnasamy Ganesan, Independent Director**

Mr Chinnasamy Ganesan brings with him more than 32 years of experience in the area of audit. He handled Indian and multi-national clients in automotive, auto ancillary, IT/ITES, BPOs, KPOs, telecom, industrial markets, consumer markets, pharma/ healthcare, transport/ logistics, shipping management, BSRE, oil and gas, plantation, banking, financial services and insurance sector. He was the lead partner for many Indian and multi-national companies and carried out audits, advisory on international financial reporting, taxation, due diligence and other assurance services. Started his practice as a chartered accountant in 1988, Chinnasamy Ganesan was in personal practice till 2005. He then served as a Director in Audit with Lovelock & Lewes (network firm of PwC) for 6 years and served as Audit partner of BSR & Co. LLP (network firm of KPMG) for 6 years.

- He is presently one of the Senior Partner of M/s CNGSN & Associates LLP, Chartered Accountants, Chennai (a 10 partner firm with staff strength of 120+) and is the Head of Audit and Assurance Practice of the firm
- An advising several chartered accountant/ consultancy firms on financial reporting and company law matters.



## Investors Profile



Muthoot Finance Limited (“the Company”) was incorporated as a private limited Company on 14<sup>th</sup> March, 1997 and was converted into a public limited Company on November 18, 2008. The Company is promoted by Mr. M. G. George Muthoot, Mr. George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot collectively operating under the brand name of “The Muthoot Group”, which has diversified interests in the fields of Financial Services, Healthcare, Education, Plantations, Real Estate, Foreign Exchange, Information Technology, Insurance Distribution, Hospitality etc.

The Company obtained permission from the Reserve Bank of India for carrying on the business of Non-Banking Financial Institutions on 13-11-2001 vide Regn No. N 16.00167. The Company is presently classified as Systemically Important Non-Deposit Taking NBFC (NBFC-ND-SI). The Registered Office of the Company is at 2nd Floor, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Kochi -682 018, India.

### Sarvam Financial Inclusion Trust

Being the apex body of all Mutual Benefit Trusts (MBTs), Sarvam Financial Inclusion Trust (SFIT) has pooled resources from all MBTs and has invested in the equity of BIFPL. SFIT has adequate corporate governance and an independent Board of Trustees with representation from SHGs.

## MAJ INVEST

### Maj Invest Financial Inclusion Fund II K/S

Maj Invest is a Danish asset management company with about USD 17 billion under management, providing services in asset management and private equity. With headquarters in Copenhagen, Denmark, the company employs about 107 highly skilled professionals worldwide. Maj Invest was founded more than 15 years ago and is fully owned by management and employees. The financial inclusion business area is one of several business areas of Maj Invest and operates on Maj Invest’s regulated institutional platform with its own dedicated team supported by the legal, financial and administrative departments. The financial inclusion team of eleven people is based in Copenhagen and in regional offices in Lima, Peru and Mumbai, India. Maj Invest Financial Inclusion Fund II K/S (Fund II), was established in 2015 and has invested in seven companies around the globe.

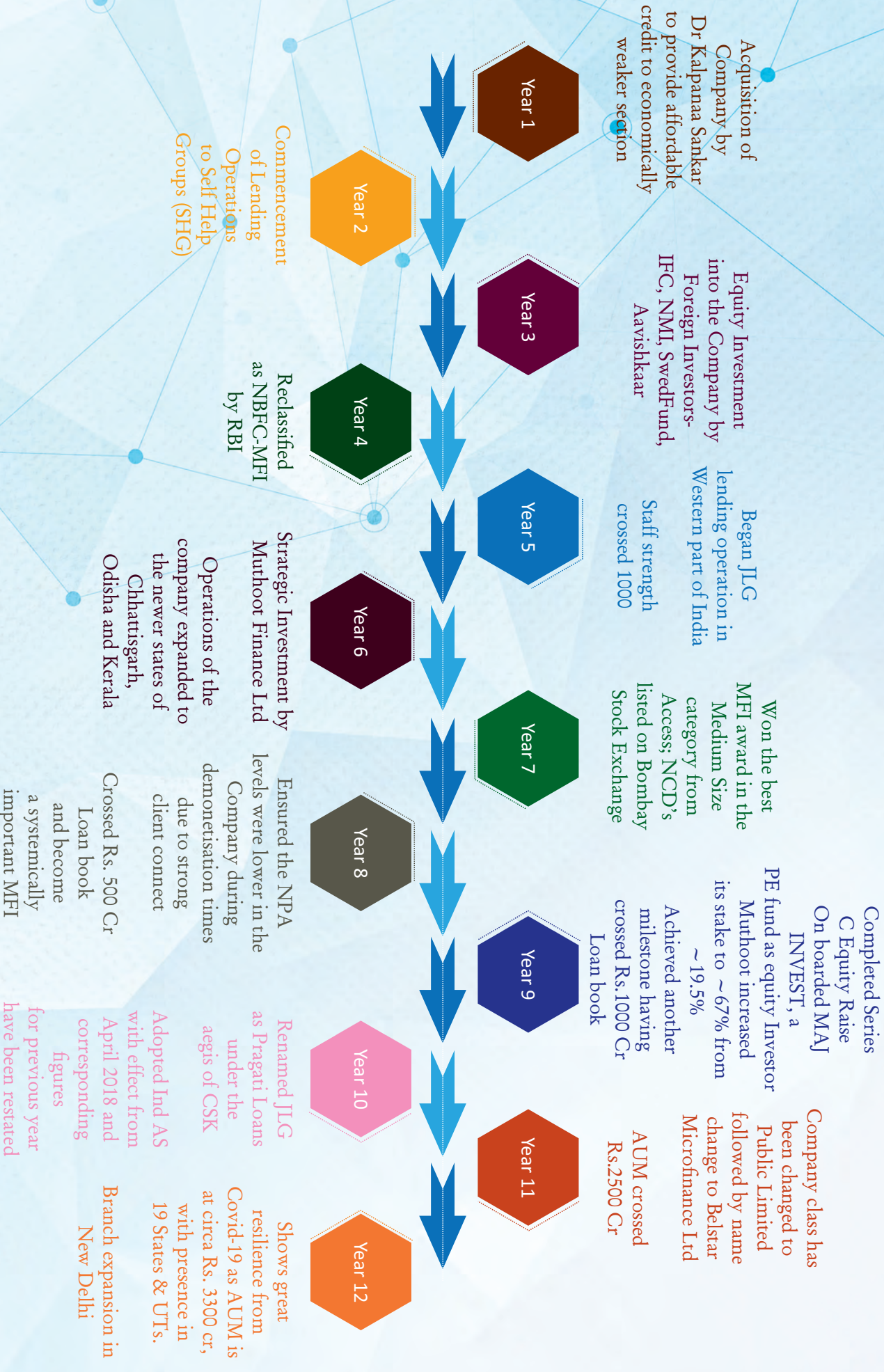
### Hand in Hand Consulting Services Private Limited

Hand in Hand Consulting Services Private Limited (HIHCSP) is the Consultancy arm of Hand in Hand India. It is a company incorporated under the Companies Act 1956, with its registered office at Kancheepuram, Tamil Nadu, India.





# Key Milestones : Achievements in Twelve Years



## Lending A Helping Hand- CSR

During the COVID-19 pandemic, CSR has played an even greater role with corporates, and individuals undertaking Corporate Social Responsibility projects over and above the minimum criteria determined by law. Corporates have stood by the Government, during the time of crisis to strengthen the country both socially and economically.

In line with the Board approved budget and programs, the Company undertook the following initiatives in FY 2020-21 mainly in association with its CSR partner Hand in Hand India.

### A) Own Implementation



#### ❖ Intervention 1 - Distribution of groceries to 3,200 vulnerable households in Tamilnadu;

“To Help” and “timely help” has different connotation. With the deep roots from the parent organization, every staff at BELSTAR believe to in being humane. During the normal course of time, the institution aided in various forms which had a monetary value but the entire team of BELSTAR joined hands to assist the needy during this unprecedented crisis which has brought a havoc in everyone’s life.

With livelihoods affected, it was a particular section of people, specifically in the low strata who were affected to describe beyond words. Even a square meal has been near to impossible because of movement restriction, lack of employment and non-availability of money.

The rationale behind the idea of providing a package of grocery items to the needy is to assist them tide over the basic food requirement for at least a month.

- Develop different grocery packs that best meets the nutrition needs of a household at different price points;
- Packs distributed in Madurai, Salem, Trichy, Villupuram and Vellore



## B) Implemented through Hand in Hand India

- ❖ **Intervention 2 - Supporting entrepreneurship through Skill Training; (through HIIH)**
  - A minimum of 25,000 women from 5000 JLGs/SHGs from 4 states (Madhya Pradesh, Rajasthan, Maharashtra, Tamil Nadu) will be imparted training to strengthen their business acumen;
  - In each state, Hand in Hand India will establish a team who will be stationed at the offices of Hand in Hand India or Belstar and provide services at the geographies identified;
  - Each woman selected for the training will undergo training on resource mapping to identify business opportunities, preparing business plans, financial decision making, and use of digital medium for business;
  - The women will be invited to marketing conclaves to network with each other and meet companies for obtaining orders;
  - Women will be federated through CLNs and BLNs to organize themselves and benefit from the resulting strengthening in their bargaining positions;
- ❖ **Intervention 3: Enhancing Technical Skills;**
  - A minimum of 5,000 women from 1000 JLGs/SHGs from Tamil Nadu will be imparted training on specific technical skills to augment their production systems;
  - These trainings will be provided in locations where the potential for strengthening existing enterprises is high;
  - Women will be selected for the training from sectors where market linkages have been established and where NSDC centers have been established for that purpose;
- ❖ **Intervention 4: Sensitizing women on health and hygiene**
  - A minimum of 10,000 households from Tamil Nadu will be sensitized on the health precautions that need to be taken to prevent contagious effect of the Covid-19 virus;
  - These awareness campaigns will be based on government health norms and the households that need this health awareness will be carefully selected;
  - These awareness campaigns will be conducted through mass-advocacy programs that the Health pillar of Hand in Hand India has already developed;

### ❖ Intervention 5:

#### Project Synopsis

Title	Education of Vulnerable Children in challenging times, TamilNadu
Project period	1year
Target group	Children in rural areas who are unable to access education resources due to Covid-19 restrictions
Location	Locations in and around Kanchipuram/Thiruvallur/Chengalpet districts, TN
Methodology and key interventions	Geographical Mapping of students Mobilising students, meeting parents Enrollment & Profiling of children Refresher Classes implementation & support Monitoring and Evaluation Documentation & Reporting
Output	Vulnerable children supported with education through the initiative Children are protected from slipping back into child labour
Outcome	Children from under privileged backgrounds continue to be in touch with education While social mobilization will reach out to several communities, the outcomes will be applicable for 50 children





## ❖ Intervention 6

Project Synopsis	
Title	Skilling 1000 Women in Digital Literacy
Project period	1year
Skill training proposed	Digital Literacy
Target and focused group	1000 Women in the age group 20 to 45
Location	Locations in and around Kanchipuram /Thiruvallur/ Chengalpet districts
Methodology and key interventions	Scoping Study Formation of project team Mobilization Orientation Enrollment of women Profiling of women Training on Digital Literacy Monitoring and Evaluation Documentation & Reporting Certification
Output	Digital skills imparted to 1000 women
Outcome	Improved mobile literacy and digital skills among women Improved knowledge on how to access various applications with the help of the internet. Enhanced social circle of women Increased self-esteem of women in rural areas. Application of digital skills for livelihood enhancement Support to help in repayment of loans to Belstar



## Case study - The Inspiring story of an aspiring Entrepreneur

Mrs. Ramya is just an ordinary homemaker who wanted to create a difference. She had always aspired to do something out of the box and become a successful entrepreneur. Hand in Hand India (HIH) along with BELSTAR provided her golden opportunity to kick-start her career dreams. She actively participated in the Assistant Beauty Therapist course offered by HIH. After course completion, she availed a loan of INR 15,000 from BELSTAR and started commercial service from home. Now, with her hard work and determination, she has started her own Bridal Studio & SPA by availing a loan of 11 lakhs. Her Bridal Studio & SPA was inaugurated by Mr. Mr. S.P. Velumani, Minister of Municipal Administration, presided, TN the event and made it a grand success. Ramya owes her warm gratitude to BELSTAR and Hand in Hand India for their constant support and guidance.



### Skill Trainings:

During Third and Final Quarter of Credit plus projects for the year 2020 - 2021, we have conducted various skills training such as Spices making, Cake Making, Jewelry Making, Detergent Bar and Bath Soap Making, Bag/ pouch Making and Dhoop Making etc. Below are the details of training wise numbers.

#### ❖ Bag Making Training:

As Women started taking interest in bag making, skill training was conducted in the Phalane Panchayat covering 11 women who have already worked on a sewing machine. Belstar is supporting these trained women to start their own enterprises or in getting jobs.



Bag Making Skill Training at Phalane panchayat



### ❖ **Cake Making Training:**

Cake is a popular item in all Panchayats for Celebration of birthdays, Anniversaries etc. due to which it has been found that Women are continuously showing interest in making cakes. Cake making skill training commenced in Q2 and continued in Q4, where the training had been attended by maximum number of SHG Women. During the reporting period, we have covered total 588 women from 26 Panchayats namely Andhe, Bebeoval, Devale, Dhamane, Diwad, Done, Kadadhe, Kale, Kalhat, Kamshet, Kusgaon, Mahagaon, Ovale, Pawanagar, Phalane, Phangane, Rajpuri, Sai, Sanghise, Shivane, Taje, Takave Budruk, Tikona Peth, Waund and Yelse. During the training sessions our trainer taught them different cake making processes and cake types such as Cup Cake, Iced cakes etc. Theoretical recipes along with practical training using equipment which are needed in cake making process like measuring scale, food processor etc. Women are practicing themselves to make professional cakes to start their own enterprise of cakes and many of them successively started their cake making enterprises with their monthly earning up to INR 5,000/-to 6000/-.



Cake Making Skill Training under Belstar CSR at Sai Panchayat

### ❖ **Eco Friendly Gou (Cow Dung) Dhoop Making Training:**

Advanced Skill Training conducted in 2 Panchayat S and 10 women trained in Malwandi Dhore(5) and Kashal(5) to ensure the quality of the eco-friendly Gou (CowDung) Dhoop as a product. The advanced training on Dhoop making skill had been conducted with both groups to enhance their Dhoop making skills for better production and sell by through production unit.







#### ❖ Jewellery making Skill Training:

During the reporting period, we have covered skill training to women from 2 Panchayats- Kalh at and Kune. During the training sessions our trainers taught them the process for making various kinds of jewellery-like Bangles, Necklace, Ganthan, Earrings etc.

This has given the opportunity to the participated women to enhance their creativity and established their own enterprises in their own villages for better livelihood source with minimal investment.



Jewellery making skill training at Kune Panchayat



### ❖ Spices Making Skill Training:

During Q4, we have covered 201 women from 11 Panchayats namely Chikhalase, Dune, Kadadhe, Kamshet, Karunj, Kondiwade, Kune, Mahagaon, Pawananagar, Taje and Waund (20). During the training sessions our trainer taught them the processes for making various kinds of spices, namely, onion garlic masala, chicken masala, Garam masala, Pavbhaji masala, Goda Masala etc. by imparting theoretical recipes along with practical sessions. SHG women are planning to set the natural homemade spices unit and will sell in the local market, while additionally our team is putting efforts for tie-up with well-known spices companies.



Spices Making skill Training under Belstar CSR at Dune Panchayat

### ❖ Detergent Bar and Bath Soap Making Skill Training:

In rural Maharashtra locally made detergent and bath soaps have more demand as compared to branded products. Belstar has started to train women in detergent bar and bath soap making, to create local entrepreneurs in the same skill which is tangible and quick selling product in local area of Maval region. Women in the Ovale Panchayat participated in this Skill Training and found that these products can be made quickly and are adequate to enter and acquire share in local market of their village.

### Financial and Digital Literacy:

Financial and digital literacy is very essential to women even its need of time. In the reporting period 746 SHG women attended the Digital and Financial training actively. The objective of financial literacy training is to create awareness among women on financial inclusion. In this training SHG women are learning financial planning, importance of opening a bank account, women learned about to manage the money and avoid debt traps. HIIH ensured imparting of basic knowledge of banking services to SHG women who have their bank accounts- how to deposit money, how to withdraw money from ATM, INR 12 and INR 330 cover etc. Going forward this training is useful while actual running their enterprises E.g. Cheque use Digital transactions etc.







Digital and Financial Training conducted under Belstar CSR at Kune Panchayat

### Module 3 and Business Development Training:

In Module 3 and Business Development Training 730 SHG women learned about business opportunity and how to develop business. SHG women also learned about multiple income sources like Milch animal business development, poultry farming, goat rearing, sheep rearing and agriculture to fulfill the family expenses, food, children education, health expenses. Above training provided women an insight to look at the traditional occupations in profitable business point of view.



Business Development Training at Ovale Panchayat





## Rajasthan:

### Key Highlights:

- Skilling of JLG women under Credit plus Project from different panchayats.
- Pickle making skill training for SHG women and Food Processing for JLG members.
- Vermi Compost training for JLG Members trained and 10 Compost Unit set up.
- Ashapura CLN formed during Q4 at Janapur village at Pindwara Block.
- On 8th March Women's day was celebrated at Udaipur & Pindwara; exposure visit done for 95 members at Krishi vigyan Kendra Udaipur & Sirohi. JLG Members participated in different activities and learnt a lot during farm visit.

### Celebration of International Women's Day



## Case Study

The Entrepreneurial women at Pragati Cluster Level Federation at Sirohi, Rajasthan have been busy during pandemic. They have been picking the best mangoes, lime and vegetables and have taken to the art of pickle making! Naming their brand 'DIDI Ka Achar', the team invested just INR 3400 but received profits of INR 5000 in their first order. The Group was trained in pickle making and packaging by experts in food processing. Training was also imparted on financial management, branding and marketing of their venture. The product now has regular market linkages and is in high demand due to its affordable price and good quality.



## Key highlights and achievements:

### 1. Formation and strengthening of CLN & BLN

During Q-4, the team has formed 3 BLNs in Solinger, Perunagar and Palladam with the membership of 27 Nos. of SHGs - CLN. In total, the Social Mobilization team has nurtured 123 CLNs and 7 BLNs apart from the special support provided for reinforcing 187 CLNs and 8 BLNs belonging to Kancheepuram and Ramnad.



### 2. Capacity Building Training for CLNs & BLN and their Representatives



The Team organized 1st module Training to 4200 CLN Representatives and 327 Office Bearers of all the 123 CLNs. to cope their managerial and operational functions as well augment their leadership qualities. Besides, the Team provided Goal and Role Clarity of BLNs to 210 Nos. of Principle General Body and 82EC Members for congealing their BLN towards self-sustainable model.

### 3. Financial Inclusion Training for SHG Members

We identified 48 Nos. of CLN- Knowledge Trainers and provided ToT to deliver Training on Financial Inclusion for the SHG Members as per the stipulated Training Design. In turn, they have trained 1715 Nos of SHG women on savings, thrift, social security, pension, preparing household budget, categorizing their family expenditures and identifying financial goal. Besides, each trained SHG Member has oriented 8650 Nos. of their siblings and peers by disseminating the key content of the training inputs.





#### 4. Digital Literacy Training and Digital Platform (DigiSHG)

The Team has provided ToT for 12 Resource Persons identified by the CLNs/BLNs for conducting Digital Literacy Training for SHG Members and their siblings in as per the pre-designed Training Design. After the ToT, the well-trained Resource Persons have trained 776 Nos of SHG women and their siblings on Cashless transaction, Digital Business & Marketing, accessing Govt. welfare schemes through appropriate Apps. Digital certifications, Facilitating Digital Meetings, etc., Moreover, the team has nurtured 24 Nos.of Digital SHGs / Platform at the CLN level towards providing knowledge inputs and services to their respective SHGs.



#### 5. Health Training (1st Module)



The trained CLN- Knowledge Trainers by the HIIH-Health Pillar has conducted Health First module Training for 4308 SHG Members of 402 SHG on Personal hygiene, Importance sanitation and Menstrual hygiene. In turn, all the trained Members have been imparted the key content of the Training inputs to 7820 of their peers and siblings. Besides, it has impacted lot at their family level especially adolescent girls and pre-natal and post-natal mothers.

#### 6. Facilitation of Hospi-Cash Insurance products

HIIH team has identified 132 Nos. of CLN - Knowledge Volunteers and trained them on Hospi-Cash Insurance products and its process. In turn, they have facilitated them to sell 213 Nos.of HOSPI\_CASH Insurance Products in Kancheepuram Region. Moreover, team has designed strategies for continuing the same effort in all the fixed locations of BELSTAR-CSR.



#### 7. Facilitation for MSME Loan & Business motivation



The Team has identified 147 Entrepreneurs-12 Nos. got sanctioned and another 82 Entrepreneurs are under the process for getting loan assistance.

Organized one Business Distributors Meet at the CLN level for enhancing business activities of 62 Nos. of CLN and BLN -Business Distributors.



## 8. Self-Managed Tailoring Centre

The Team has established 3 Nos. of Self-managed Training Centres in Kattudevathur, Sothupakkam and Palladam Branches. So far 58 Nos. of SHG Members /their siblings have completed the well-structured 45 days SMO Training course. Besides currently, another 98 Trainees are undergoing the same training with the backup of the respective CLNs and the HIIH-STDC-Pillar Team. All the 3 Centres will function for another 8 months and provide training to another 4 batches.



## 9. Advocacy Training and Interface Meetings

Awareness and Training on Human Rights (Child Rights, Women Rights, Economic Rights, Health Rights and Environmental Rights)

The Team organized 16 Nos. of Advocacy and awareness Programme on Human Rights by HIIH Cultural Team. Moreover 12 Training Programmes conducted by Social Welfare and Women Protection Officers - Totally 2,330 Members were participated and absorbed the Awareness and Training inputs.



## 10. Pre-collection meeting and support for nullifying OD



During the reporting month 102CLNs have organized 284 Nos. of Pre-collection meetings with 2142 Customers towards regularizing their repayment and nullifying Ods with the support of the respective BELSTAR Branch Officials. Moreover, most of the CLNs has facilitated the Customers for sorting out their Odissues by using the current supportive strategies of BELSTAR. As well all the CLNs are focusing to ensure cent percent OTR-Currently they have achieved averagely 96-98% in all the locations.

## Major Highlights in Enterprise Development Activities:

- **Bag Stitching Orders:** 46 women trained on bag stitching. A total of 11800 bags stitched and delivered to **Sri Hari Bags, Chennai.**
- **Organic Pappad:** A total of 150 kgs order of Organic Pappad Making availed from Ms. Menaka, owner of Mannvasanai Company, Chennai.
- **Media Coverage:**
  - ❖ 7 local newspapers and media covered the skill training and health awareness program conducted at Virudhunagar, Ramnad and Salem regions.
  - ❖ Press news given on Skill development and Health training appeared in 5 newspapers and 2 Television channels.





- **Distributor Identification:** 19 new distributors identified for sales of various products that include Karupatti, Garments, Country Sugar, Grocery products, etc.
- **Women Entrepreneur Award Program:**  
A special event for motivating and honoring women entrepreneurs was held at AKM Mini Hall, Thiruvallur on 12<sup>th</sup> Feb 2021, jointly conducted by Hand in Hand India and Belstar. The ceremony was presided by honorable chief guest, Tmt. B. Shamoondeswari, IPS (Deputy Inspector General of Police, Kanchipuram Range).

### Testimonials from the Prize Winners of Women Entrepreneur Award Program :

- “I am extremely happy for winning the first prize, which is something that I didn’t expect. This is one of the most precious gifts that I have ever won. I don’t have words to express how I feel. The speech rendered at the event has boosted my confidence and motivated me to achieve more. I sincerely render my gratitude to Hand in Hand India and Belstar for presenting this award”  
– Yogalakshmi, - Vairam SHG
- “Yesterday’s event was very pleasant and encouraging. I was motivated by the energetic speech given by the chief guest, Tmt. Shamoondeswari. Her words amazed me on how a woman can reach such heights. In fact, her words are still ringing in my ears and are imprinted in my heart. Through her speech, I was able to understand that women can not only take care of their family, but also the country. My whole family celebrates my success and I sincerely owe this gratitude to the entire team of Hand in Hand India and Belstar” – Asha, Sadhaga Paravaigal SHG
- “I am extremely delighted to receive the Women Entrepreneur Award for the first time. All the officials shared a lot of information which was very useful. Especially, the personal experience shared by Tmt. Shamoondeswari moved my heart. We were encouraged on hearing how she endured various problems in life and how she reached this position. This event will definitely serve as a stepping stone for us to achieve many things in life. I received the 3rd prize and I didn’t expect that they would release a stamp in my name. All of us were very happy on receiving the certificates and cash award. I have never received any such award from any great people until now. I render my heartfelt gratitude to Mr. Srinivas, Mr. Joseph Raj and most importantly, Dr. Kalpana Sankar” – Anbu Lakshmi – Sri Sairam SHG





## Insurance – A Safety Net

The year has been one unlike any other with a pandemic that ravaged the country. In this backdrop, the role of life insurance has been more pivotal than at any other time. The support of life insurance cover provided by Belstar Microfinance for all clients and their spouse has been critical in tiding the family through emotional and financial difficulties this past year. In some cases, it has enabled the family to continue their enterprises, hence sustaining their income levels.

In 2020-21, Belstar Microfinance has two insurance service providers- Exide Life Insurance and Kotak Life Insurance. During the year 9861 claims have been lodged and 9093 have been settle as a part of Exide Life Insurance. During loan disbursement, the staff have trained the clients on the benefits of the insurance policy and procedure for making a claim. These trainings have enabled keeping the average turnaround time for claim settlement at 28 days.

Under Kotak Life Insurance, 882 claims have been filed with 800 being settled during the year. For these clients too, training is conducted, and a pamphlet provided on the benefits of their scheme. The clients are made to understand the importance of covering the spouse as well (nominee) so it is useful to them in case of any emergency. The average turnaround time for the claim settlement is 33 days. Despite challenges related to the pandemic and lockdown, the insurance team is on constant vigil to support these vulnerable clientele with the safety net that enables them to lead normal lives.



Further, as a part of documenting the benefits of life insurance for the members who receive it and their nominees, Belstar has been actively capturing case studies of the beneficiaries. Across 11 states, 1547 case studies have been documented through the year with close to 60% of the cases covering nominee's death benefits to the clients proving the importance of covering the nominee as well.

### *Sample case study- Insurance claim amount supports in keeping afloat*

Mrs.Sushila Devi is a Policy holder of Exide Life Insurance. She is a member of Manju JLG of Kashipur Branch- Uttarakhand State. She took a loan of Rs.30,000/- from Belstar Microfinance Ltd for her business. Her husband passed away on 12.11.2020, due to fever. She has received Rs.35,000/- insurance amount from Exide Life Insurance within 8days and utilized the total amount for business. Her family consists of 2 sons who are working. She is able to continue her milk vendor business with this amount and earns Rs.500/-per day.



## Covid19 & Hospicash Insurance: A boon to tide over tough times

When Mrs Barot Ritaben of Gujarat was hospitalized for 10 days due to viral fever and when Mrs Shanthi Perumalsamy of Tamil Nadu was hospitalized for a week after meeting with a road accident, the families were unsure of how they would cover these costs. Luckily, both Mrs Barot and Mrs Shanthi were Belstar clients who had availed the Hospicash Policy.

Belstar Microfinance in partnership with Muthoot Securities has been selling the Hospicash policy since 2019. Hospicash is an allowance cover that provides cash benefit in case the insured gets hospitalized. It is calculated based on the number of days the insured is hospitalized and the premium amount paid. The benefits are double in case the insured is admitted in the ICU. This policy is highly beneficial to clients at the bottom of the pyramid as several of them lose their daily income while hospitalized and especially so during the pandemic.

The policy is competitively priced and can be extended to cover the entire family. The claim settlement process is also highly simplified with the entire process being online. Reasons for admission range from anything such as fever, knee pain to complex issues such as brain hemorrhages. A total of 220944 Hospicash policies have been sold in 2020-21 by Belstar to clients across 12 states. A total of 1048 claims have been lodged. Belstar clients value this product as it helps them to earn some income even while out of work. It is a flexible policy that can also be taken by family members – making it comprehensive and accessible with an easy claim methodology too.

Understanding that the pandemic loomed at large even in rural areas, Belstar Microfinance launched a Covid19 insurance policy for its clients. This policy was sold especially between May – November 2020 with 20769 policies sold and benefited. This was sold in 9 states of India with maximum demand in Kerala, Uttar Pradesh, Madhya Pradesh and Karnataka. This insurance benefited clients who were either infected or hospitalized with Covid19 – a real boon to tide over tough times.



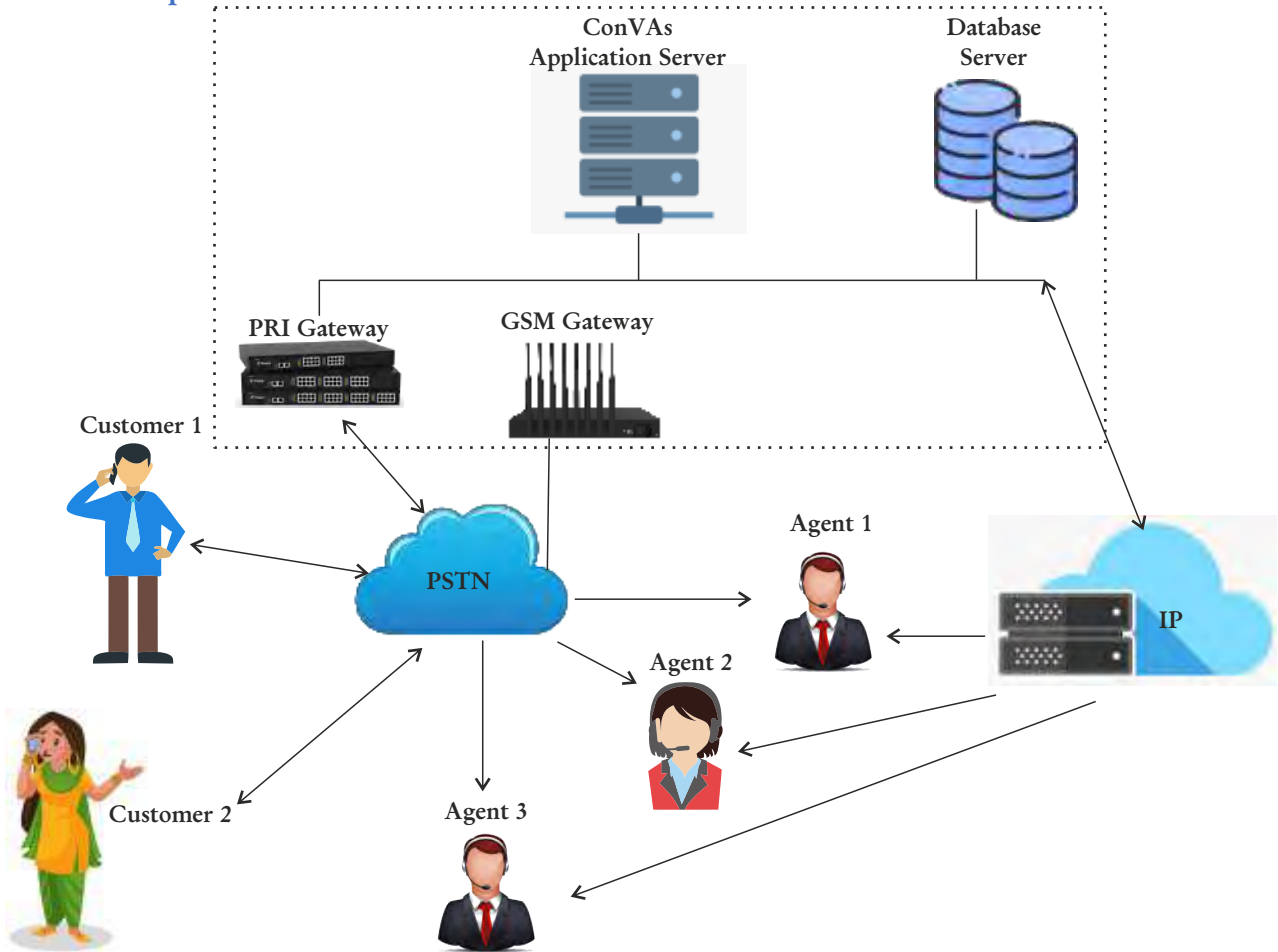
# Hello! This is Belstar Calling

To thrive in the post-COVID-19 world, call centres will have to accept elevating communication over phone channels to the next evolutionary level. To adopt one that is highly scalable, powered by advanced automation, offers excellent security, and neatly supports human operators. This innovative technology that was once considered by many organizations as a nice-to-have is now an absolutely-must-have to connect with their customers.

During Pandemic, running operations with a traditional Call Center setup had challenges with Lockdown imposed and people restriction on travel to office. The need of this hour was to introduce Cloud calling to strengthen the operation with Work from Home Concept using available devices like the Laptop/PC and Mobile Phones.

For an effective Cloud set-up, the agent can use his feature Cell Phone, Smart Phone, FWP or Simple Analog Phone for making and receiving calls at his home. His calling device should be well connected to the PSTN Network. In case of GSM device, signals should be good enough and in case of analog there should be no disturbance in the line.

## Centralised Setup:



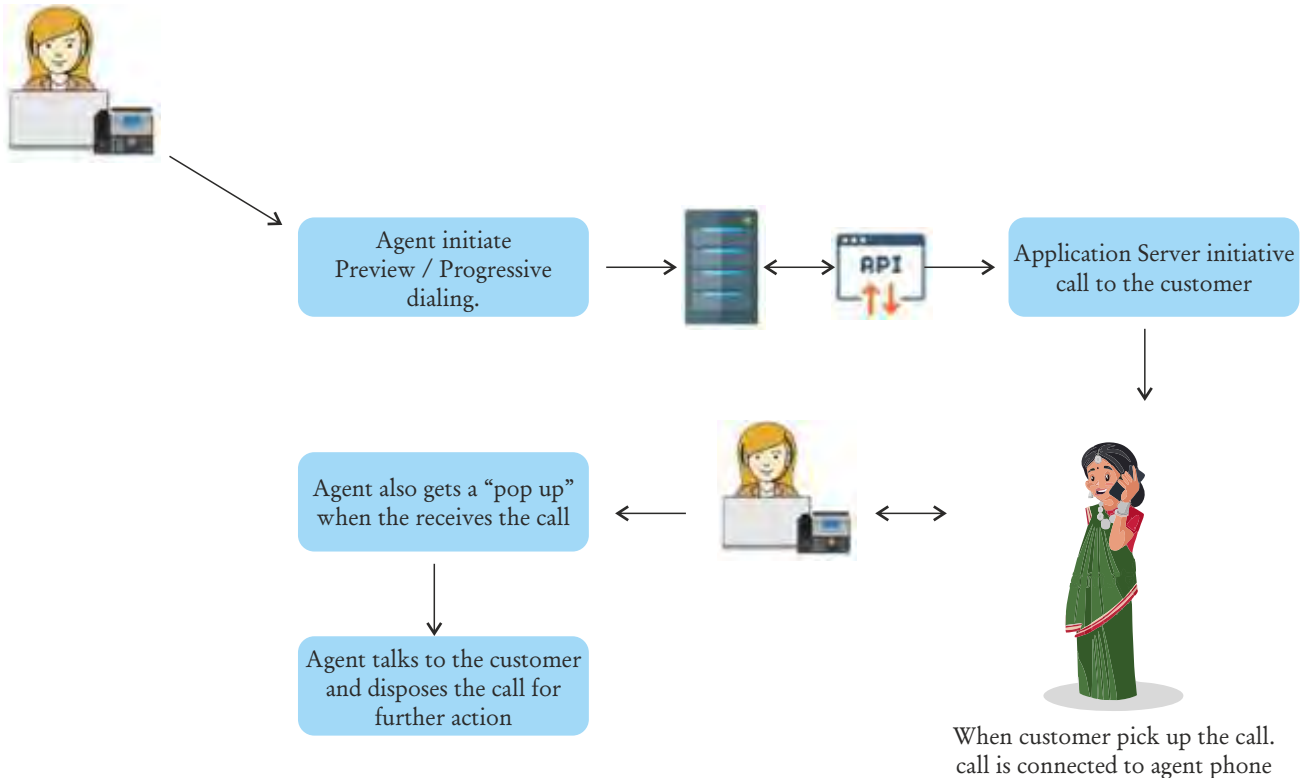


### Inbound Setup:



Customer Toll Free number 1800-102-7049 was brought into the cloud for PAN India operations. Since August 2020, all inbound calls got routed via cloud to be managed via Work from Home Concept without any latency or performance issue. Currently on an average 50 calls are handled daily by an agent on enquiry, request or complaints raised by PAN India customers with IVR support.

### Inbound Setup:



During the lockdown period it was essential for us to be in regular connect with customers which helped us understand the lockdown difficulties in different states via our Survey calls for PAN India Customers using this cloud technology. The setup also helped us in improving the collection performance during the pandemic days by means of educating the Digital innovation implemented (digital collections and Samrithi Customer Application) for customer's ease and help them by reminding on their payment dues.

### Call Centre - Post COVID Study on Livelihood - Survey Report:



The effect on livelihood impact of Covid-19 was well known, as it has massively hit the customer base of microfinance institutions. 89.8% of the respondents reported that they have been affected by the aftermaths of the Covid-19 virus. This is majorly because the microfinance companies cater to third quintiles of the income distribution pyramid who have minimal stability of income.

### Inbound Toll-Free Performance Dashboard:

Month	Inbound Calls					Follow up & OB Calls	
	Enquiry	Request	Complaint	QRC	Calls Answered	Manual Outcall	Connected
Jul-20	140	57	14	211	242	262	111
Aug-20	160	29	11	200	218	168	69
Sep-20	173	26	16	215	357	130	58
Oct-20	150	9	6	165	305	93	45
Nov-20	125	7	4	136	331	47	24
Dec-20	137	8	16	161	363	132	68
Jan-21	173	15	16	204	515	238	111
Feb-21	185	23	8	216	502	203	88
Mar-21	168	23	19	210	227	220	118
Apr-21	314	26	13	353	388	352	192
May-21	264	22	13	299	351	343	152
<b>Total</b>	<b>1989</b>	<b>245</b>	<b>136</b>	<b>2370</b>	<b>3799</b>	<b>2188</b>	<b>1036</b>



\* - Manual Outgoing are performed to close loop with the customers and calling the unique abandon customers.

Toll Free Calls to 1800-102-7049 is very critical to get the pulse of the customers from field in case of any emergency. We had only 3% of the calls under complaints PAN India operations. The most important aspect of the call is to close loop with the customers and make them happy, which was successful and helped customers have trust in Toll Free line.

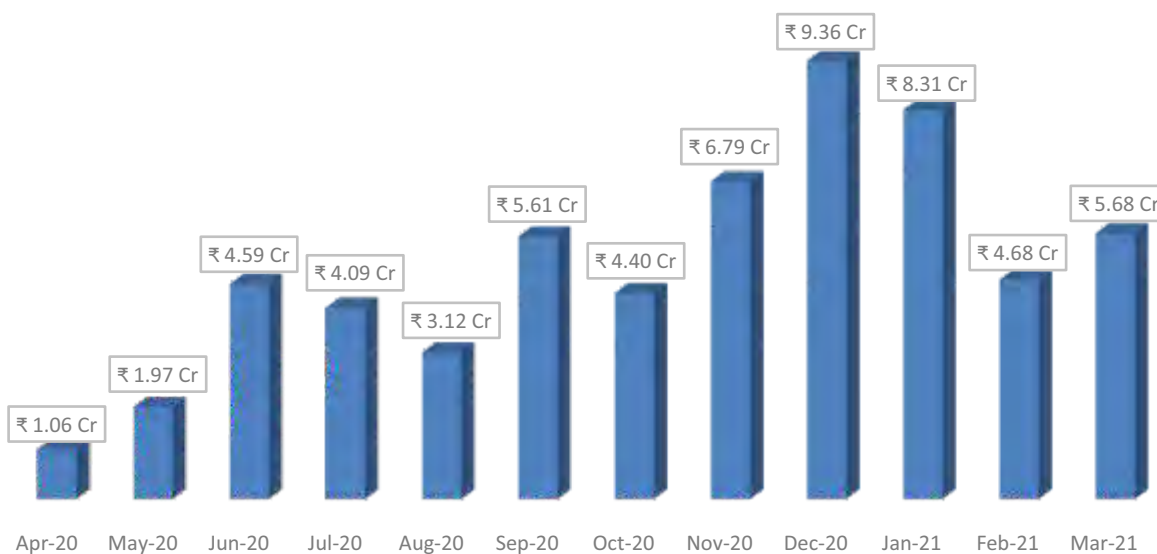
### Outbound Agent Performance Dashboard:

Month	Base	Total Answered	Total Agent Present Count	No. of working days	Calls Per Agent	Answered Calls Per Agent
Apr-20	35642	17645	292	16	122	60
May-20	189814	26188	498	24	381	53
Jun-20	109783	7820	532	26	206	15
Jul-20	218608	76377	570	25	384	134
Aug-20	235699	72710	546	24	432	133
Sep-20	290421	85010	594	26	489	143
Oct-20	276436	84010	548	25	504	153
Nov-20	266126	79016	516	24	516	153
Dec-20	296489	73400	546	26	543	134
Jan-21	251110	60712	501	24	501	121
Feb-21	245365	58152	487	24	504	119
Mar-21	268389	59805	535	27	502	112

\* - Feb 2021 and March 2021 OD customer calls were made for collections.

Post moving to the new technological platform the average calls per agent have increased drastically, reaching 120+ calls answered per agent, where on average we would have 500 numbers getting dialled against the manual option of only 180 – 200 per day. This helped in productivity increase and reaching out to more customers.

### Call Centre - Collection Revenue - PTP





\* - PTP Collection only in customers who had given timeline and made payment are updated.

During Pandemic, collection was key for the organisation and pushing collection via call centre was critical. On an average the team had generated close to ₹4 – 5 Crores p.m. collections and the process helped the customers to make the payment on time and maintain their track record. This also helped us to understand the customers difficulties and take suitable measures.



## Case Study - Bihar

Sarita Devi of Bettiah Branch (Champaran region).

Sarita Devi resides in Purbikar Gahiyan Bettiah Prakahnd with her husband and two children. Her husband used to work in a Delhi factory but lost his job in the pandemic. He had to return to their hometown due to the pandemic induced lockdown. They carried on their routine expenses through their old savings. With their livelihood at stake, it became difficult for them to meet their finances. In an attempt to recover from the grim reality, her husband took credit from a local moneylender. But unfortunately, that business did not contribute much in the long run and, their earnings went directly towards the EMI for the local moneylender and their daily expenses.

With Sarita's knowledge in beautician course, she was keen on establishing her business but hesitated taking loans from the moneylenders. Her neighbours introduced Sarita to Belstar, where she could get loans with a monthly repayment option. She soon joined a group, and took a loan of INR 30,000 and started a small beauty parlour near her home. This worked in her favour as there was no beauty parlour in a 2-3 village radius. Her business slowly picked up and, now she trains other girls in her parlour. Her husband also helps her to market her beauty parlour business by distributing pamphlets and stickers. She makes INR 8000 - INR 10000 after deducting all the other expenses. She is also planning to open one more shop in the city. Their family circumstances improved drastically and, they are now educating their children.



## Case Study - Chattisgarh

Laxmi Agrawal, a customer of Manendragarh branch, Surajpur Region in Chhattisgarh.

Laxmi, a 9th pass-out determined student, was forced into early marriage by her parents. She runs a small grocery shop, and her husband Ritesh owns an Omni truck to carry loads and pick and drop people within their city. Laxmi thought of expanding her shop and was suggested by her acquaintance to incur loans from Belstar. She took a first cycle loan of INR 30000 and invested in her small grocery shop. After her due repayments, she reapplied for a 2nd cycle loan amount of INR 40000 and utilised that amount to buy more groceries and even moved into a new shop. Laxmi now runs her business successfully and earn at least INR 600 per day amounting to INR 18000 per month. Laxmi brims gratitude towards Belstar as she can now educate her two children from a good school. She is a happy customer who is looking forward to an SME loan from Belstar. She aspires to start an oil mill and expand her grocery shop into a wholesale enterprise.





## Case Study - Odisha

Jharana Sahu hailed from a small village; she and her husband were industrial laborers but the income from the job was no adequate for running a family. Jharana wanted to achieve more and wanted to break free from the labor binds and start on her own. She took credit support from Belstar to help her invest in her new grocery shop venture. The shop produced a great profit and it improved the families living conditions two times more. Jharana was also able to pay off her loan and educate her children all while saving some money for the future. Jharana is now a confident, successful, and financially independent woman who has come a long way from labor work. She now has a respectable image in the society and is very positive about her future.



## Case Study - Rajasthan

Koushilya Devi stated that she was a bright student at school, yet she was forced to quit it after 10th grade as her family was keen on marrying her off. However, life after marriage was not very kind to Koushilya as her husband hardly went to work while she and her son did labor work to earn income for the household expenses. But she wanted to do something on her own and not work for someone else. She borrowed money from different money lenders and start a grocery shop, but the interest paid to loaners was more than her daily income. Managing house expenses was difficult and this was when she reached out to women who had experience with microfinance and Belstar. Her partnership with Belstar turned to be a fruitful venture as the loan money helped her steady the business and buy more products while the second loan helped her improve the shops and their facilities. Life has become more bearable as the profits have improved the situation at home. Koushilya hopes to build and own a home someday where she and her son can leave in peace without any worries.





## Case Study - Gujarat

Mrs. Barjod Vanitaben Nareshbhai looks a happy person while dealing with her customers at her provision store and flour mill in Kaliya Faliyu Valunda village located in the Dahod district of Gujarat. Sometime ago, it has never been a happy picture considering Barjod's plight with poverty. Income from agriculture and milk sales never filled her family's basic needs and she was always on the lookout for a better opportunity to overcome this situation.

When Belstar reached out to the village to improve the living standards of the residents, Barjod sensed the window of opportunity and immediately joined Kaliya Faliyu Valunda 1 JLG, where she availed the loan to start her new provision store and flour mill. With better income, Barjod and her husband are now on the verge of expanding the businesses to excel among fellow villagers.





## Case Study - Maharashtra

Jyoti was pulled out of school in her 5th grade and was married of into an agriculture family. Her husband had not completed his education as well, he was also not earning much profit from agriculture, managing the family turned out to be a task for Jyoti. To manage the household expenses she started a tailoring business but lack the financial help to maintain the shop. This is when she turned to Belstar and the credit support enabled her to purchase a new machine and increase her income.

The profits from the business ensured her family a good life while being able to private a good education to the children. The second laon from Belstar enabled her to expand her business, buy not materials to start a sales business as well. She is not a successful entrepreneur who nuitl her enterprise form bottom up through sheer hard work and determination. The lack of education made her feel inferior at times and this feeling oushed her to ensure her children receive the best education, one that was snatcged away from her. Her objective is help her children grow and create a whole enterprise for herself and her family to strive on.



## Case Study - Uttar Pradesh

### Nandani Burger Shop

Poonam comes from a struggling family who found it hard to make ends meet with their earnings. They were perplexed on how to start earning a living from nothing. She suddenly realised her passion for cooking and her speciality was fried Burger. She quickly thought of capitalising on her skill. To establish this as a business they needed principal money, but they couldn't secure Loan from banks as they didn't have any assets. One of her fellow villagers introduced Belstar to her. Poonam soon became a member of the Phoola Kumari Bishai Joint Liability, a JLG Group. They invested an initial sum of INR 30000 towards buying the Burger Shop. Poonam and her husband started earning an average income of INR 500 per day. This journey from running a petty Burger Shop to a full-fledged shop came true only with the support from Belstar. In the Milkipur village of Uttar Pradesh, Poonam now owns and runs the 'Nandani Burger Shop' happily alongside her husband Anil Kumar.



## Case Study - Karnataka

Geetavva Goneppa, a member and her husband are farmers and together they cultivated cotton, but to the scarcity of rain, their sole source of water, their business was not prosperous. This is when she reached out to Belstar and acquired the first credit support, with the money she was able to open up a retail shop. The shop saw good profit and improved their living situations and she was also able to start saving money for a rainy day. It during one of their interactions with some Kerala neighbours did they learn about ginger cultivation and its benefits. This idea captivated them and they took another loan from Belstar and added in the savings to acquire land for cultivation. The third loan cycle money was used for irrigation purposes and to build a bore well to draw water from for the land/crops. Now her husband manages the cultivation as he is an expert and holds experience while she takes care of the retail shop business. The land yielded some good crops that year and earned some a very good income. They plan to concentrate and work on the land and cultivate more ginger to make it their main line of business. The profits the land yielded are promising for the future.





## Case Study - Kerala

Susheela and her husband inherited the skill of weaving from their forefathers and kept the promise to pass it on through the generation. The family has a history of 150 years in the weaving and handloom business. For years the couple has been working in shared and community-owned handlooms to gain an income. It was 3 years ago that Susheela bought her loom through a Belstar loan and started weaving at her house. The loom has helped her earn a good income to sustain the family as she has also started selling tapestry to the many shops in her city. Her daughter is married off but her sons are not willing to take forward the family tradition. But that still doesn't stop Susheela from planning to start a small handloom shop near her house.



## Case Study - Tamilnadu

Lakshmi Bai is an educated woman and worked as a teacher. But she later joined her husband in Hollow block-making enterprise. She has been a member of Belstar for 5 years now but before this, she borrowed money from local money lenders who impose high-interest rates. The rates impacted the business a lot as the profits would be emptied by high-cost repayments. This is when she and her husband decided to move on to Belstar and now life has been better for the couple. They have expanded the shop and the income has doubled since. The success has put them in a very respectable position amongst their community members. The couple is further planning to expand the business by purchasing a tractor and opening a second branch.



## Case Study - Tamilnadu

Mrs. Praba. K has been a member of the Bairavi SHG for 9 years now. She is a mother of two children. She joined the SHG in hopes of saving for the future and also acquiring credit support to start a business and improve the household's financial strain. Before joining the SHG she and her husband were daily wage workers at a flower vending shop. The income earned was below average and even with both of them working it was never sufficient.

Hence she wanted to start her own flower business to improve the financial situation. She took multiple credit supports and an educational loan from Belstar. The loan helped her immensely and enabled her to put an initial investment for the flower business. The businesses took off well and increased her income generation. Through the business, she provided job opportunities for 4 more women from her SHG. Her turnover from the business is currently at 2lakh per month. The profits from the business helped her save and enroll her children in a good school. She was also able to buy some household utilizes that would have otherwise been a luxury, such as a refrigerator, washing machine, and television. Her household situation and her lifestyle have surely improved over the years since her partnership with Belstar and the credit support we rendered.







# Management Discussion Analysis

## Management Discussion

The global economy witnessed an unprecedented economic downturn in FY 2020-21 due to Covid-19 pandemic. The lockdowns and social distancing norms have reduced the growth momentum. Global economic output was estimated to fall by 3.5 percent in 2020. Indian economy also witnessed contraction in gross domestic product (GDP) for the first time since independence. Calibrated fiscal and monetary support was provided, cushioning the vulnerable during the lockdown and boosting consumption and investment during the unlocking.

The first wave of Covid-19 in India was characterized by the first known case in January 2020 followed by a nationwide lockdown, which was announced in March 2020 and was implemented in phases until end of May 2020. The implementation of a nationwide lockdown on an unprecedented scale affected livelihoods of many including microfinance customers. In the past, the resilience of the microfinance industry was tested by many shock-inducing events like natural calamities, demonetization, political activism etc. The current pandemic is another event which has affected and continues to affect microfinance institutions and their clients.

In the beginning of the pandemic, disbursements by all financial institutions including banks, NBFC-MFI, etc. shrunk to an all-time low on INR 6,186 crores in Q1 FY 20-21. Quarterly disbursements slowly picked up and reached pre-covid levels by Q3 FY 20-21. The demand for credit had steadily increased from Q1 FY 20-21 to Q4 FY 20-21 as economic activity picked up with many geographies starting the 'unlock' process during this period.

In this backdrop, Belstar's disbursement reduced by 6.8% from the previous financial year, to 2435 crore. Disbursements picked up in Q3 and Q4 and reached pre-Covid levels (refer Figure 1).

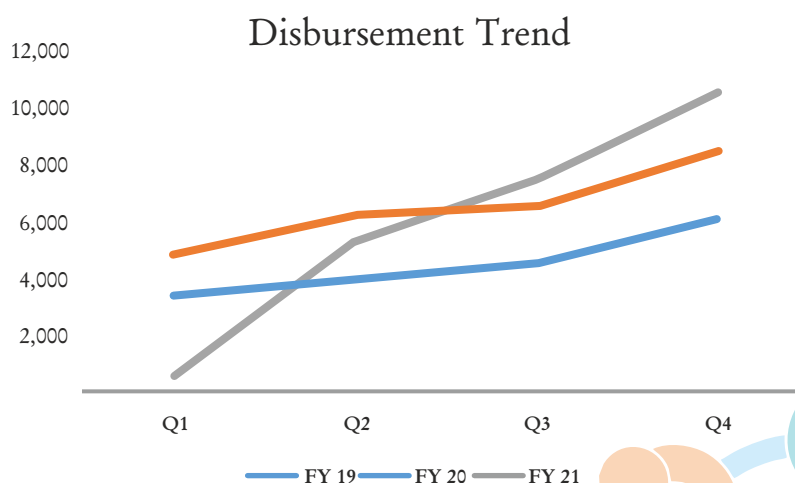
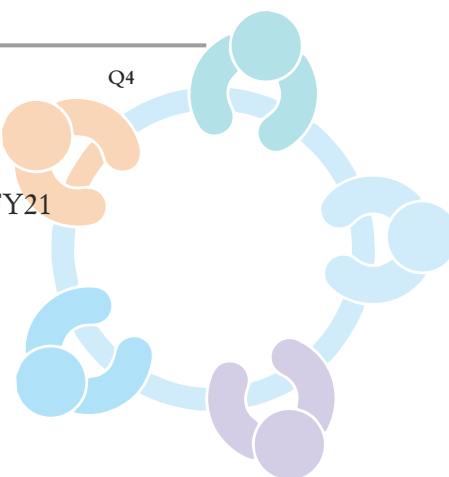


Figure : DB Trend from FY19 to FY21



Belstar's loan assets size grew by 25% from the previous year to Rs 3298 cr. and has now spread to 19 states with 649 branches. Active borrowers are now 13.81 lakhs grown at a phenomenal rate of 15% even during the pandemic, making Belstar as their preferred Financial Service Provider (FSP). For the first time in the history of Belstar, our portfolio contribution from the traditional stronghold of Tamil Nadu is less than 50%. Portfolio contribution from Non-TN states is now 52%. Belstar's strategy for geographic diversification to control the adverse impact of local issues has proven to be handy especially in Covid-19 period.

Belstar's unique credit plus approach which emphasises on non- financial initiatives as much as financial has allowed us to keep a good customer connect. This has further enabled us to keep our overall PAR at 4.86%, one of the best in the industry during the pandemic period. The company has registered an increase in PAR 30, which now stands at 4.03%, higher than the last year mark of 1.3% due to livelihood loss of the customers owing to the pandemic and its aftereffects on cashflow.

We believe that the sector will move back to normal cy post a sizable number of population is vaccinated. The need for credit would increase as newer micro business entrepreneurs would emerge, post livelihood setback. We stand pledged to help our existing customers with newer and innovative products at affordable rates of interest.

The company has deliberately kept a rural skew in the branch expansion, and we expect that the rural incomes would remain resilient in the ongoing crisis which would help the company going forward.

The company is poised to ride on the wave of instability backed by its strong parent The Muthoot Group and its strong institutional processes built over the years.

CRISIL Ratings has upgraded the rating on the long-term bank facility and non-convertible debentures (NCDs) of Belstar Microfinance Limited (Belstar) to 'CRISIL AA-/Stable' from 'CRISIL A +/Positive'. The rating revision is primarily driven by an upgrade in the rating of its parent, Muthoot Finance Limited.

### **Equity Raise :**

To augment the growth, make the technology landscape more robust and futuristic and expand the AUM by reaching out to newer geographies and deeper penetration in the existing states, the Company intends to raise Rs. 350 crs from the market. This round of equity will also build the confidence of the Banks, Rating Agencies and future Potential investors on the debt side including DFIs and Multilateral agencies which shall take exposure in the company by extending loans at finer rates by looking into the capital comfort on the balance sheet. This will also ensure that the company mobilises low cost funds and secure larger market share by serving the under served and offering credit at affordable rates.

### **Branch Expansion :**

The Company intends to deepen its credit penetration by expanding into newer territories in the states of Maharashtra, Gujarat, Madhya Pradesh, Rajasthan and Punjab and continue its expansion plans in states of Bihar, Jharkhand, Uttar Pradesh and its home ground of Tamil Nadu.





## Industry Environment and Belstar Microfinance

The year 2020-2021 has been one of the toughest years for the microfinance industry with the COVID induced turmoil severely hampering operations of this manpower and contact intensive industry. Despite this, the size of the industry grew to INR 2.59 Lakh Crores registering a tepid growth of 12% YOY. The banks continue to hold the majority share with 47 % share and a portfolio of INR 1.31 Lakh CR GLP followed by specialised NBFC-MFI holding 31 % share with a significant GLP of INR 81,000 Crs. Rest of the industry is divided between the SFB holding 15% share and pure play NBFCs and NGOs.

The NBFC MFI industry has grown over last year by 9% despite a near complete washout of the first half year due to COVID induced lockdowns and is now spread across 600 plus districts in 35 states. The year was marked by a major spike in PAR with the PAR 30 growing to 6.88% over the corresponding years figure of 1.88%, which were a shade better than Banks which were at 10% and SFB which were at 7.6%. The deteriorating health of the portfolio mirrors the economic disruption brought about by the pandemic.

The industry outreach has now grown to 5.93 Cr Borrowers and 10.8 Crs active loans, and this huge scale has now given rise to special importance being accorded to the sector as an instrument of public policy. The MFI sector has been given active prominence in the series of COVID induced relief measures announced by the Regulator and the Finance Ministry which bodes very well for the stability and future of the sector. A series of announcements by the Regulator has helped the sector, especially the smaller players, to manage operations in an environment marked by grim liquidity.

Belstar has withstood the storm and has now grown to 649 branches and a GLP of INR 3298 Crs which is a growth of 25 % over last FY. Our outreach now extends to 18 states with a diversified portfolio catering to 13.80 Lakhs borrowers. The headwinds in the industry show a reflection in our credit portfolio which saw a spike in PAR 30 from 1.30% last FY to 4.30% this year. The company has taken cognisance of the changing dynamics and is adapting to the reality of “living with the pandemic” by swiftly taking steps to manage the new normal. An in house APP “Samrithi” was launched to cater to digital payments moving away from a cash only approach for repayments which is the traditional MFI practice. The easy-to-use APP has gained widespread patronage among our customers. The company has also taken steps to fortify its collection architecture with an increased presence of feet on ground personnel to temporarily manage the surge in delinquencies. Owing to the quality of sourcing and the conservative risk management practices, we expect the portfolio to bounce back with the resumption of economic activity given the extra ordinary resilience of our borrowers. Innovative products like emergency loans and loans to regularise past dues have helped our clients to get on with their income generating activities. We remain steadfastly committed to our clients and have increased the coverage of our credit plus activities to ensure the much needed healing touch approach to our SHG and JLG members, once again uniquely identifying us a partner to our clients growth rather than only a loan provider.

We remain optimistic about the coming year given the rapid pace of vaccination, our stable management structure, our significant rural mix and an imminent and a rapid economic recovery to bounce back on parameters of PAR and leverage on the market potential with newer geographies and markets. We at Belstar also look forward very positively to the market and expect the wave of consolidation, regulatory feelers towards a level playing field in the industry to play a major role in the exciting new growth phase post the ebbing of the pandemic.



# NBFC-MFI Sector & Belstar Comparison

## NBFC - MFI

FY 19-20

FY 20-21

FY 19-20

FY 20-21

## BELSTAR

YoY Change %

YoY Change %

3.16

3.13

-0.9%

No. of Active Borrowers

14.7%

0.14

0.12

76,956

57,891

-24.8%

Total Disbursements

-6.8%

2,435

2,613

32

32

0.0%

No. of States Covered

0.0%

19

19

14,073

14,673

4.3%

No. of Branches

7.6%

649

603

1,15,320

1,19,634

3.7%

Total Staff

3.0%

4,562

4,428

73,412

81,475

11.0%

AUM - Crs

25.4%

3,299

2,630

2,245

2,133

-5.0%

Active Borrowers / Branch

6.6%

2,127

1,996

5.22

5.55

6.4%

Loan Outstanding / Branch

16.5%

5.08

4.36

23,232

26,030

12.0%

Average Loan Outstanding

9.3%

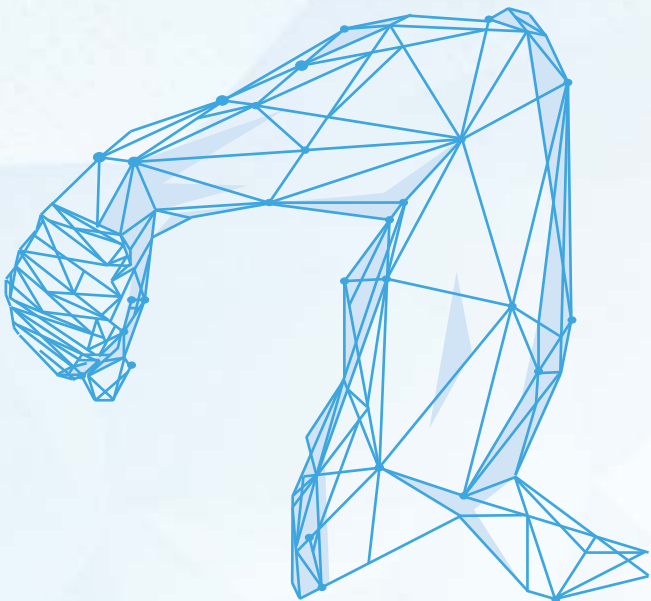
23,894

21,851

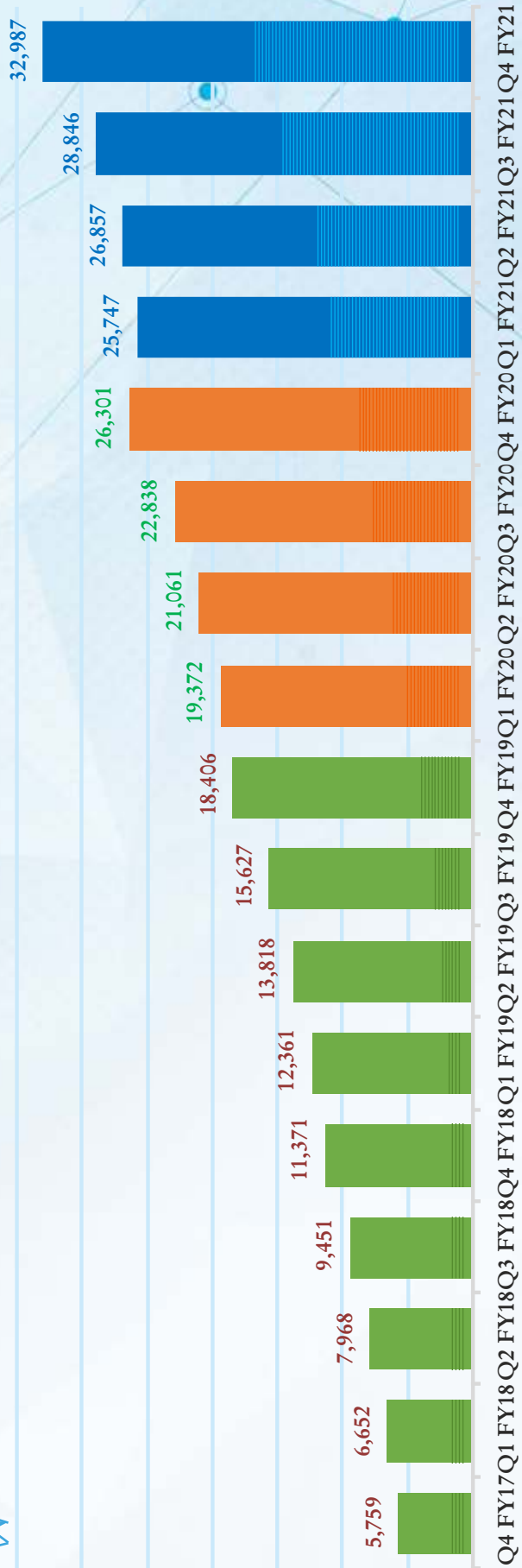
Source Micrometer, MFIN



# Finance & Operation

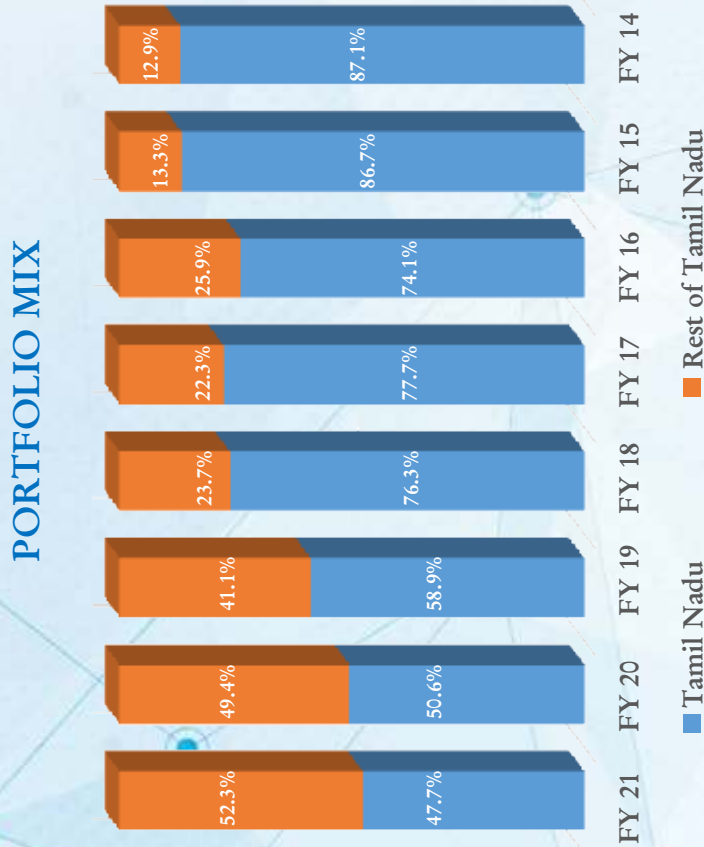


## AUM GROWTH OVER THE YEARS ( ₹ IN MILLION )





# Geographical Diversification



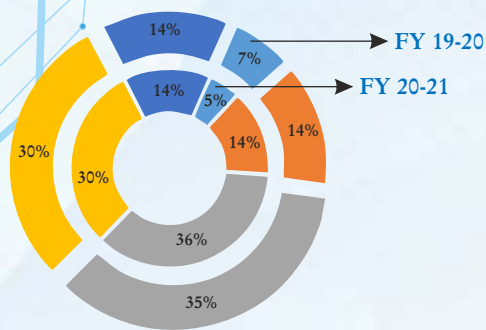
Company has increased its portfolio concentration in Rest of Tamil Nadu from 12.9% to 52.3% over 8 Years

State	BELSTAR	SP	BUYOUT
TAMILNADU	✓	✓	✓
KERALA	✓	✓	✓
KARNATAKA	✓	✓	✓
MAHARASHTRA	✓	✓	✓
MADHYA PRADESH	✓	✓	✓
CHATTISGARH	✓	✓	✓
ODISHA	✓	✓	✓
GUJARAT	✓	✓	✓
HARYANA	✓	✓	✓
PUNJAB	✓	✓	✓
RAJASTHAN	✓	✓	✓
BIHAR	✓	✓	✓
JHARKHAND	✓	✓	✓
UTTAR PRADESH	✓	✓	✓
UTTARAKHAND	✓	✓	✓
WEST BENGAL	✓	✓	✓
NEW DELHI	✓	✓	✓
TRIPURA	✓	✓	✓
<b>TOTAL</b>	<b>13</b>	<b>10</b>	<b>15</b>

## Portfolio Highlights

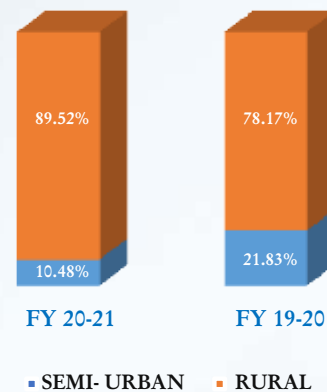
INDUSTRY	FY 20-21	FY 19-20	FY 18-19
AGRICULTURE AND ALLIED	59.75%	60.25%	53.65%
SERVICES	22.75%	21.14%	23.08%
TRADE AND BUSINESS	13.10%	13.92%	9.22%
EDUCATION LOAN	1.04%	0.59%	4.83%
PRODUCTION OR MANUFACTURING	1.09%	2.58%	3.58%
CONSUMER GOODS	0.49%	0.29%	4.96%
EMERGENCY LOANS	0.24%	0.00%	0.00%
SMALL ENTERPRISE LOAN	1.54%	1.24%	0.69%
TOTAL	100.00%	100.00%	100.00%

### AGE WISE DISTRIBUTION OF BORROWERS



- 18 to 25 Yrs
- 26 to 30 Yrs
- 31 to 40 Yrs
- 41 to 50 Yrs
- > 51 Yrs

### BORROWER BASE

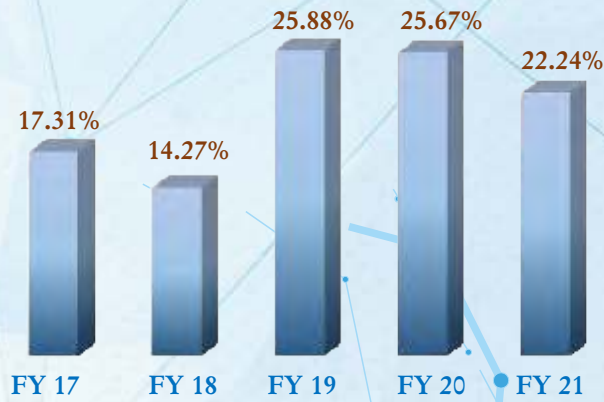


- SEMI-URBAN
- RURAL



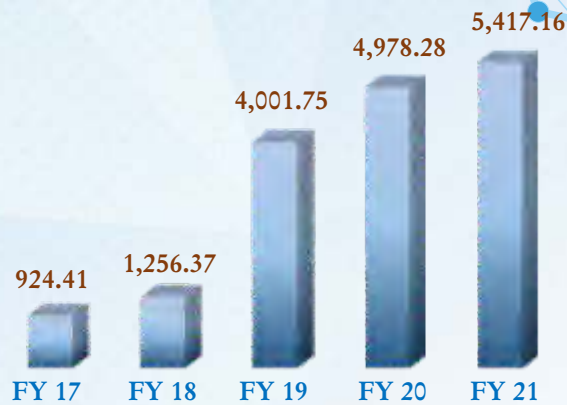
# Financial Dash Board

## CRAR in %

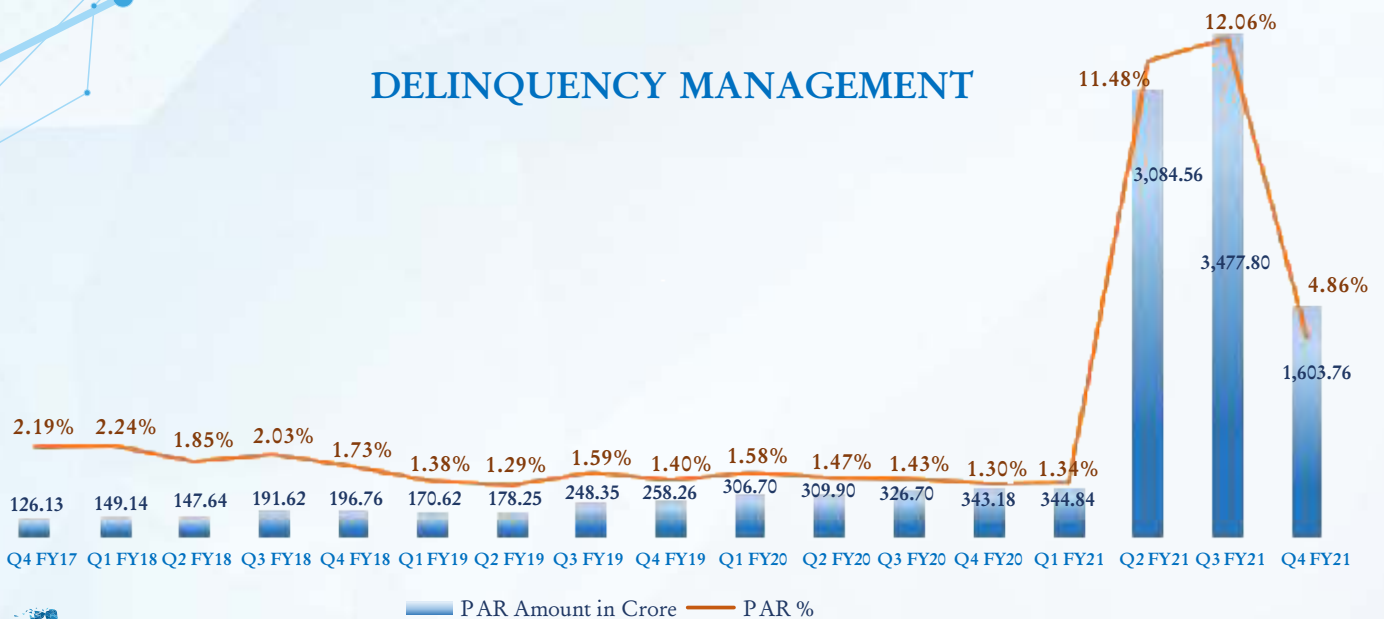


Note: FY 2019, 20 & 21 figures are as per Ind AS, FY 2018 & 17 figures has been recast as per Ind AS

## Net Worth (Rs. in mn)



## DELINQUENCY MANAGEMENT

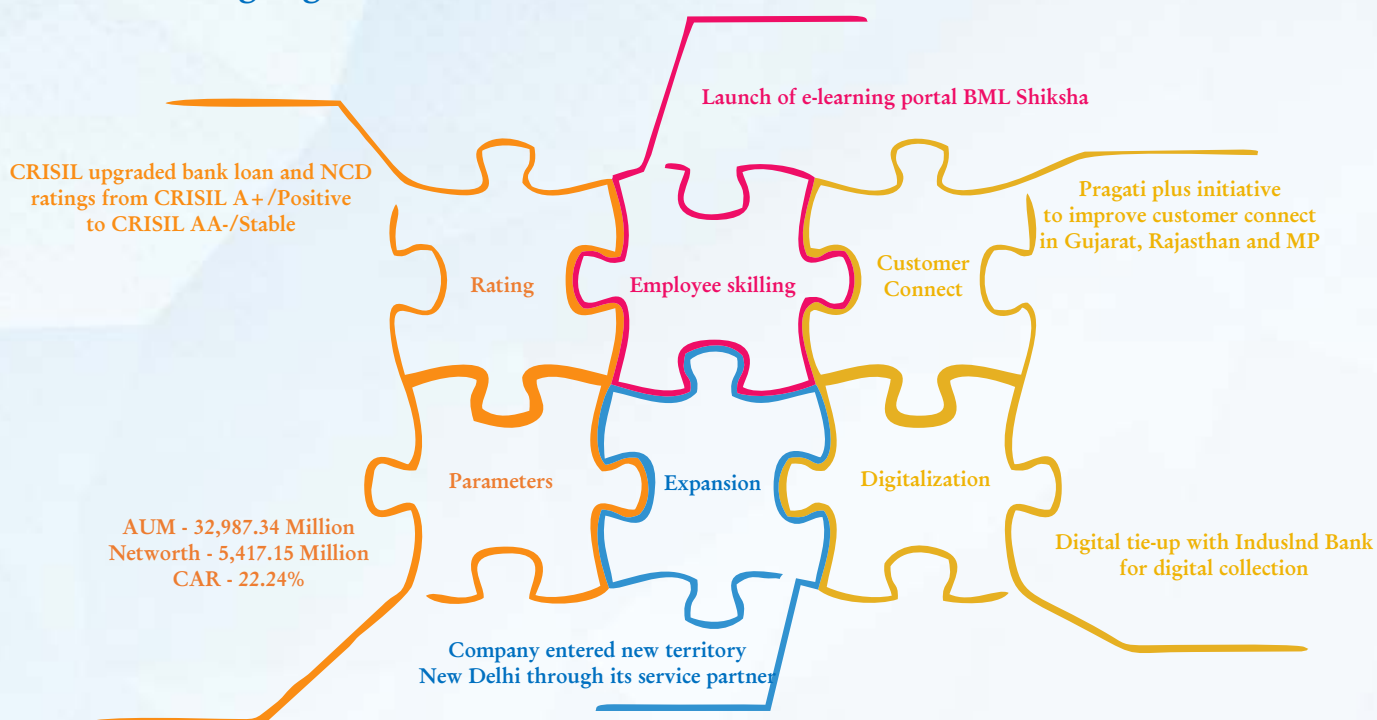




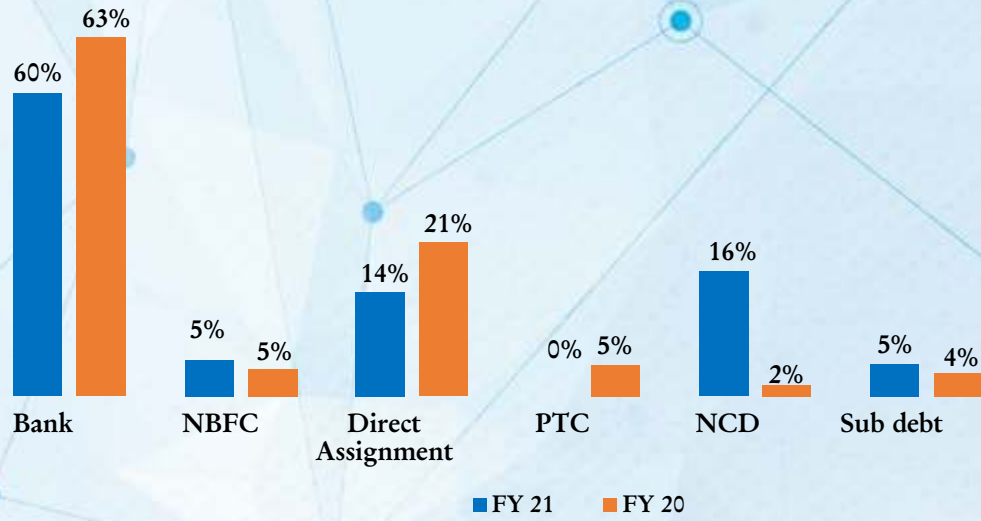
## Ind AS Profitability Ratios

PROFITABILITY RATIOS (IND AS)	FY 2021	FY 2020
ROE % (Wt. Avg)	8.88%	22.02%
ROAA %	1.54%	4.33%
Yield on Avg Assets	18.43%	21.89%
Spread (NIM) as % of Avg Asset	10.35%	12.39%
Cost to Income	82.11%	58.47%
Debt Equity including Tier 2 capital	5.16	3.81
OER as a % of Average Total Assets	8.74%	8.12%
Capital Adequacy Ratio	22.24%	25.67%
Operational Self Sufficiency	111.49%	136.26%
Finance cost to Operating income	42.50%	36.48%
Employees cost to Operating Income	22.07%	21.05%
Other operating exp to Operating Income	6.71%	7.67%
PBT to Turnover	10.31%	26.61%
PAT to turnover	8.34%	19.75%

## Other Highlights



## Diversified Funding Mix



(Rs. In Mn)

Sources	FY 21		FY 20	
	Amount	%	Amount	%
Bank	19,490	60%	15,097	63%
NBFC	1,537	5%	1,157	5%
Direct Assignment	4,395	14%	5,185	21%
PTC	6	0%	1,288	5%
NCD	5,285	16%	370	2%
Sub debt	1,638	5%	1,044	4%
<b>TOTAL</b>	<b>32,352</b>	<b>100%</b>	<b>24,141</b>	<b>100%</b>



## The Eyes and Ears of the Management

### A) INTERNAL AUDIT DEPARTMENT

Internal audit department plays an important role in streamlining the process, as it ensures to provide independent assurance that an organization's risk management, governance and internal control processes are operating effectively. The Internal Audit Department is responsible for conducting periodic audits, surprise verification and need-based inspection of branches based on verification of books, field visit and interaction with the branch staff as well as customers. The internal auditors carry out their job in a focused manner by directing their efforts in the areas where there is high risk, thereby enhancing the overall efficiency of the process and adding greater value with the same set of resources.

Belstar's Internal Audit team play a significant role to ensure that the business operations are carried out efficiently as per the laid down policies of the company and ensure compliance. The focus of the Internal Audit team is not only to identify and highlight, but also help the staff to rectify the mistakes and to ensure due diligence is enforced by every staff across all functions.

At the beginning of each financial year, an audit plan is rolled out after the same has been approved by the Audit Committee. The audit plan is aimed at evaluation of the efficacy and adequacy of internal control systems and compliance thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations. Based on the reports of internal audit function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions, if any, are presented to the Audit Committee of Board.

Internal audit department maintains a strong internal control framework to evaluate compliance through various audit processes-

**Quarterly Internal Audit**

**Short Internal Audit**

**Service Provider Internal Audit**

**Corporate Office Audit**

**Management Surprise Audit**

All the mentioned audit processes have been completely automated – this ensures the system works with minimum staff strength with Zero toleration level in Audit reporting and observances.

The internal audit function has free and unrestricted access to the Company's records, physical properties and personnel associated with carrying out any engagement. The internal audit activity also has a free and direct access to the Board. The Audit Committee of the Board is updated on significant internal audit observations, compliance with statutes and progress of risk management and effectiveness of control systems.

Every branch is audited every month by the Internal Audit team through one of the above audits. The audit structure has been revamped with a decentralized team working at the field level, closely monitored by the central team at HO. The automation of the audit function together with changes in audit coverage, frequency and report structure and content, has strengthened and made the audit function more robust and effective.





Audit observations are broadly categorized into three types of alerts based on risk and occurrence viz., High, Medium, and Low. These are further cascaded to multiple levels of business operation teams for validation and compliance. The overall findings and closure statuses are presented to Audit Committee of the Board on a quarterly basis.

Management Surprise audits have been instrumental in identifying ring leaders and providing inputs to management to resolve the same. The key audit observations include those in loan sanction process, KYC compliance, loan disbursement and documentation and HR and admin related deviations. The corporate audit focusses on Human Resources & Payroll, Information Technology, Centralized Operations, Finance and Treasury and Administrative functions. Institutionalizing an automated audit alert dashboard has supported the management in timely identification of issues at the field and understanding root cause of the same. The audit alerts are mainly to report issues and observations having financial implications.

In addition to the audit activities outlines above, a separate team handles legal issues as well with an able, dedicated and experienced team of professionals including legal consultant, support staff, technical team, relationship associates who deliver efficient, competent and cost-effective Legal Process Management services to the company.

Internal Audit in the Company is an independent unit focused on improving and enhancing the operations of the organization. It assists the Company in accomplishing its objectives by bringing in a systematic and disciplined approach to evaluate and improve the effectiveness of the company's internal control, risk management and governance processes. Working independently, the team has successfully delivered audit results and reports on time without any differences.

The year 2021-22 holds multifaceted potential for the audit team to ensure best practices within Belstar by introducing audit analytics, Collaboration of critical task with Risk department, Peer Review Audit and Surprise Audit, Thematic Audit and SOP based gap analysis.



## Risk Management

Risk management under VUCA (Volatile, Uncertain, Complex and Ambiguous) environment, more particularly in the Covid-19 pandemic era, has been a challenge. Covid-19 could be the biggest tail-risk event in a long time for MFIs. Belstar, with its legacy of independent Risk Management vertical, has been making efforts to optimise risk-reward trade off. The traditional risk management framework of Acceptance, Avoidance, Transfer and Mitigation was complimented with addressing residual risks delineated under a Risk Control Matrix. Its Risk Management Policy has established multiple processes of identifying, assessing, reporting and controlling risks it is exposed to - mainly Financial Risk, Liquidity Risk, Market Risk, Operational Risk, Business Risk, Compliance Risk and Pandemic Risk. With granular risk management particularly in the area of collection, we recorded an above par portfolio growth in FY 2020-21. Continued growth in AUM in a pandemic disrupted year is a testimony to the resilience of our business model. To ensure the above at the field level, the followings initiatives were implemented during FY 2020-21.

### Policy

1. As a customer centric organisation, Belstar continued to focus on its vision and mission statement with emphasis on financial inclusion and responsible financing practices which will help the targeted only-women customers to build and manage their sustainable livelihoods.
2. New policies on Work from Home and Anti-Corruption were introduced and implemented.
3. No resort to short-term borrowing or other financial engineering like structured / leveraged loans.
4. Along with usual Credit Plus activities, diligently adhered to Govt guidelines on lockdowns, work from home, workplace safety by way of fumigation of offices, staggered attendance, thermal screening, mask mandates, sanitisation, social distancing etc and facilitated early vaccination of employees and provided dry rations and hygiene/safety kits to needy customers at select centres.

### People

1. Functional and role based on-line training courses were introduced and imparted with certification. Employees were mandated to undergo trainings particularly on Cyber Security and Prevention of Sexual Harassment (POSH) at Workplace.
2. Customer Connect through different modes like tele call, sms, IVR, field visit, digital app, proactive grievance redressal mechanism etc was the central point of collection strategy.
3. Company-wide inter-vertical teams were formed for State specific collection strategies and their implementation.
4. On-the-job training of stipendiary candidates at Sales Officer level under the Apprentice Scheme were offered in select centres as a part of measures for reducing staff attrition. Some of these trainees, who were found suitable, were on-boarded as regular employees.



## Process

1. Residual risks under Risk Control Metrics were traced vertical-wise and addressed.
2. Analysis of Days Past Due Movement, Retention, Correlation & Regression and Static NPA by origin of Loans were continued to monitor our credit portfolios periodically.
3. More structured review of Risk and Audit Alerts generated by the risk / internal audit teams and prompt corrective actions thereon nipped any incipient deviant practice by employees.
4. Refined certain process on payment reversal, collection correction and disbursement cancellation.

## System

1. Introduced digital collection through “Samrithi” app to facilitate EMI payment during lockdowns.
2. Introduced system-based Voter ID authentication application for borrowers at on-boarding stage.
3. Implemented RBI mandated moratorium in repayment by eligible borrowers during Mar-August, 2020 along with regulatory guidance on Ind-AS implementation covering prudential floors for ECL, computation of regulatory capital and ratios etc.
4. Villages served in the command areas were mapped to the servicing branches to align the repayment dates of the groups lent there which will facilitate pre-collection meeting in these villages.

## Risk Mitigation Measures

### 1. Financial Risks

- 1.1 Credit Risk: It is measured by the amount of overdue (OD) and portfolio at risk (PAR).
- 1.2 Transaction Risk: It arises due to delay or default in repayment of the loan by a borrower.
- 1.3 Portfolio Risk: It arises due to skewed concentration of portfolio and is managed by limiting the exposure borrower-wise, sector-wise, geography-wise, lender-wise, model-wise etc to avoid concentration risk.

These risks are managed by the meticulous process of proper identification and due diligence of borrowers as per KYC policy; appraisal of the borrower using 5C principles (Character, Capacity, Capital, Collateral and Condition); scrutinizing the purpose or activity of loan sanctioned; timely sanction of the loan by an independent underwriting dept., Centralized Operation Centres (COC); 100% disbursement of loan by way of credit to borrower's bank a/c, post disbursement loan utilization checks and close monitoring over the life of the loan. It is also fortified by obtaining life insurance cover mandatorily for the borrower and optionally for her spouse/ nominee, to cover the credit exposure.





## 2. Liquidity Risk

2.1 It is the potential loss arising from the inability to meet timely and adequately the short-term fund requirements towards repaying debt obligations, funding business opportunities, incurring operational expenses etc.

2.2 The company has ensured availability of adequate equity from promoters and borrowing limits from diversified lenders. During the year, the company availed funding through TLTRO, PCGS and Special Finance Facility from NABARD/SIDBI apart from normal Term loans and Securitisation facility.

## 3. Market Risk

3.1 Assets and Liability Risk - A & L Risk involves mismatch between assets and liabilities in terms of maturity profiles and interest rates. The company has positive mismatch in its structural liquidity since its average maturity of assets is about 15 months and the average maturity of liabilities is about 18 months. The company, with an improved credit rating of 'AA-'; 'MFI 1' grading; COCA Grading of 'M1C1' and Social Rating of 'BB+' besides a strong parent group, could always negotiate to borrow funds at competitive rates and maintain enough float.

3.2 Foreign Exchange Risk- It is the risk that a transaction denominated in a foreign currency will lose value because of unfavourable exchange rate fluctuations. During 2020-21, the company had no exposure to FX risk. In case of need, company can hedge the risk by permitted methods like forward contracts, swaps, options, futures etc.

## 4. Operational Risks

4.1 Operational risk involves loss arising out of the failure of people, process and system. Since our lending is without collateral /margin / third party guarantee for low income and vulnerable women groups, it necessitates heightened operational risk management.

4.2 Employees are trained to improve their 'Attitudes, Skills and Knowledge (ASK) through periodical training programs. During the trainings, it is emphasised to imbibe the company's vision, values, code of conduct and customer orientation. Potential irregularities or fraud are prevented by ensuring strict compliance to laid down internal SOP / systems and procedures and disciplining deviant behaviour of any employee.

4.3 Branches are rated into Low, Medium and High-Risk categories based upon Internal Audit scores relating to branch management, borrower's KYC, loan documentation & delinquency, process compliance, compliance of previous audit reports etc and appropriate monitoring is done to improve their risk rating.

4.4 The Company has a robust IT system with periodically conducted business continuity plan (BCP) and disaster recovery management (DRM) drills.

4.5 The Company is a signatory to the MFIN supported Equifax Employee Bureau to exchange data on employees to improve quality hiring practices with better past employment check.



## 5. Business Risk

5.1 Business risk is the probability that the company will have lower than targeted profits due to unforeseen variables adversely affecting business volumes, operating costs, competition, economic climate, government regulations etc.,

The company is guided by an experienced and expert Board of Directors, supported by a professional top management team and governance structure in strategizing its business policies to meet market competition, to exploit the available business opportunities and to meet the challenges.

5.2 The company has comfortable capital adequacy to leverage business opportunities.

5.3 The company enjoys goodwill and reputation in the industry as a socially responsible MFI.

## 6. Compliance Risk

6.1 Compliance risk also encompasses legal, regulatory, and reputational risk. These risks arise due to non-compliance to statutory requirements relating to operations, customer protection, corporate governance etc. Such incidents lead to the imposition of penalty, suspension of permission to operate etc., by the authorities concerned, which result in reputational risk.

6.2 The company has a dedicated team and system support for conducting an internal audit and for ensuring legal, regulatory compliances and other observance of company's non-negotiables.

## 7. Pandemic Risk

7.1 This is the risk from business disruption as the pandemic afflicts nation-wide and becomes common globally. For a financial institution like Belstar, while credit concentration and market risks are 'high risk' and liquidity and operational risks come under 'low risk' category, pandemic risk as a strategic risk is a 'medium risk'.

7.2 Covid pandemic has amped up risk management. Making employees tech-savvy to facilitate their remote working from home, reducing operational cost, cutting cost on non-essentials, planning for worst-case scenarios, regular communication and relationship with clients, restructuring the collection from existing borrowers, differential disbursement & collection strategy as per severity of the operational locations, continuity of operations by way of additional loans or new loans based on the risk profile, losses and physical location of the clients, building capital buffer, managing adequate liquidity etc have been the obvious risk management responses in Belstar.

## Customer Care, Protection & Retention

Customer centricity has been the central focus of our operational process. Customer care and protection are ensured through appropriate product design and delivery, systemic checks to prevent over-indebtedness of customers, responsible and transparent product pricing, customer friendly loan products and operational process, fair and respectful treatment of clients and simple but effective customer grievances redressal mechanism. Customer retention is further enhanced through our Credit Plus initiatives. A measurable benefit extended to customers is the reduction in our lending rates which is proportionately more than the reduction in RBI's policy rates over-time. Interest rate charged by Belstar to its borrowers is one of the lowest in the MFI industry.



## Fair Practices Code

In consonance with the Fair Practices Code stipulations by RBI, our loan application in vernacular language contains necessary information required by a borrower to make an informed borrowing decision. It also indicates the documents required to be submitted along with it. It has provision for acknowledgement of receipt of a loan application with an indicative time frame within which the application will be disposed of. Copies of the loan documents comprising loan application form, sanction ticket, term loan agreement, loan card are handed over to the borrowers on the date of loan documentation. These documents clearly state, inter alia, amount sanctioned, interest rate, processing fee, insurance premium, EMI, repayment schedule, holiday period, tollfree no, customer grievance redressal mechanism etc. No coercive methods are resorted in recovering the loan, even during stressed times like the pandemic. We also follow the branch collection model which the borrowers find customer friendly. Customer data is not shared with anyone other than as regulatorily required and as authorised by the borrower.

## Customer Service Committee

All our branches conduct quarterly Customer Service Committee meetings to which few customers from each cluster are invited to discuss their complaints/ suggestions. A total of 852 such meetings were conducted across all the branches during FY 2020-21.

## Customers' Grievance Redressal

The Company implements a comprehensive policy on Customer Grievance Redressal Mechanism. Information about this process, Ombudsman Scheme as per RBI notification dt 26.04.2019, the name and contact number of the Nodal Grievance Redressal Officer of the Company, the toll-free number of the company and that of MFIN and the address of the respective RBI Regional office are displayed in English as well as in vernacular language in each Branch Office as well as in the Head / Corporate Offices of the Company. The toll-free no of Belstar and MFIN are also stated in the Loan Cards issued to the borrowers in vernacular language. A complaint cum suggestion box is available in each branch. A specially designed multi-set complaint book is maintained at each branch which provides for issuing paper acknowledgement immediately to the complainant. Complaints received at branches/Corporate Office (CO) or received from MFIN/RBI are consolidated in a master register at CO and are addressed within a month. A quarterly report is submitted to MFIN and our Board on analysis of the complaints received, addressed and outstanding. All employees are educated on the Fair Practices Code, Code of Responsible Lending (CRL) and customer grievance redressal procedures during induction/refresher training. Customers too are educated on grievance redressal procedure at the time of their on-boarding. The average TAT for resolution of customers' complaint during 2020-21 was 9 days.

## Update on no of Complaints during FY 2020-21

Carry over from	FY 2019-20	0
Received during	FY 2020-21	232
Resolved during	FY 2020-21	229
Pending at the end of	FY 2020-21	3





## Inorganic Vertical - Together we grow

### Growing Inorganic Vertical

In its quest to reach remote geographies and diversify the portfolio, Belstar spearheaded the unique inorganic business model in the industry. Through this model Belstar works with strong, local MFI partners on the ground, with a wider geographic presence and quality portfolio growth.

Access to large markets and stronger customer connect are the key value propositions for us in Belstar. Belstar has opted for channels such as Service Provider partnerships (SP) and Direct Assignment (DA) transactions for its inorganic growth strategy. Apart from deeper penetration and diverse markets, these channels bring in new skills and knowledge base, and better access to the market.

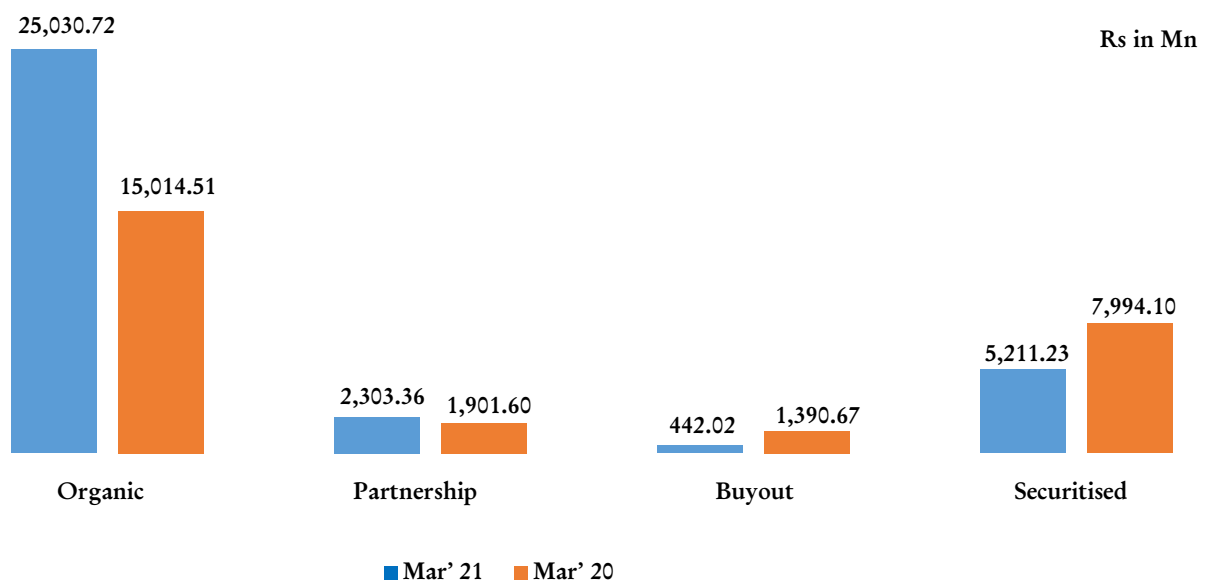
The Inorganic vertical was introduced in the year 2018 and since then has traversed a healthy growth journey. As on March'21 the Inorganic vertical has shrunk by 16% to 275.45 cr, owing to slow disbursement and risk mitigation strategy adopted by Belstar. Our limited disbursement/lending strategy was majorly due to Covid-19 lockdown and its after effects.

During FY21 Belstar penetrated deeper in various parts of Odisha and initiated its operations in Delhi NCR region, with the support of our existing partners. Since inception, the vertical has maintained a high-quality portfolio. We are closely monitoring the stress in our credit portfolio on account of current macro-economic and Covid-19 situation.

### Covid 19 and Key Interventions

Inorganic vertical is no stranger to pandemic-led crisis. Along with other channels Belstar's Service Provider Partnership (SP) & Direct Assignments (DA) also suffered with a terrible beginning to financial year 2020-21. Complete lockdown significantly impacted the business, since Belstar and its partner institutions operate with the most vulnerable segment.

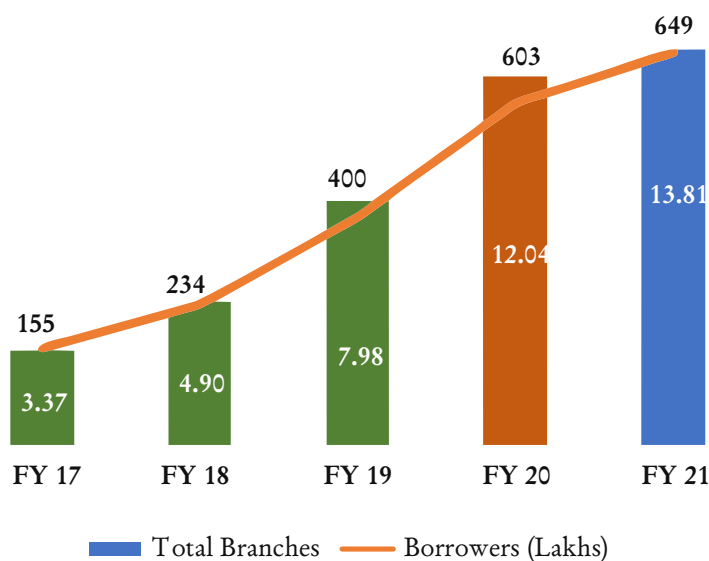
### Diversified AUM Portfolio



During the lockdown, Inorganic vertical focused on ensuring the wellbeing of its borrowers. Following interventions were undertaken to ensure the same:

- **Moratorium on active loans:-** As per advisory from MFIN the moratorium was initially allowed until May 31 but was subsequently extended until August 31.
- **Temporary relief for partners:** - Meeting out the obligation of FLDG became challenge for SP partners thus a reduction in limit was facilitated to the partners, for a period of 6 months.
- **Continuous customer communication through phone calls and SMS:** - During lock down customers were thoroughly informed about the moratorium and changes in EMI through phone calls and SMS.
- **Relaxation in payouts:** - MFIs have their own debt obligations and liquidity needs thus timely execution of pay outs were not possible by some of DA partners. Relaxation in payouts were facilitated in accordance with the collections for DA transactions during lock down.
- **Restructuring of stressed loans:** - Along with organic segment the restructuring of stressed loans was implemented in inorganic vertical too.

### Borrower and branch outreach



## Human Resources - The Thing That Runs our Business

Financial year 2020-21, had been the Year of transformation for the Human Resource Function at Belstar Microfinance. Owing to COVID-19 pandemic, the overall organizational theme underwent transition from Growth to Consolidation. Accordingly, there had been a shift in priorities for HR function too.

Recruitment - From emphasis on timely hiring and staffing of all positions To tightening of hiring norms linked to productivity.

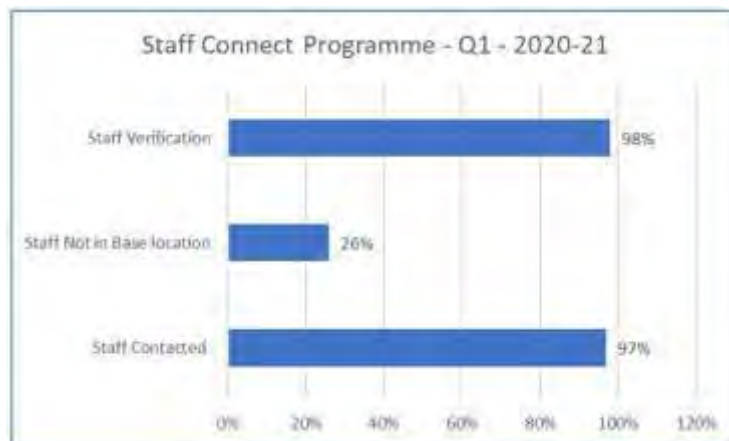
Training – From Classroom based sessions To Digitisation of content and Online delivery of sessions.  
Employee Engagement – From In-person connect, Fun events etc To Drives for Staff Safety, Health and Hygiene, apart from meetings over Virtual mode.

Overall, HR interventions were broadly guided by Push for Productivity enhancement, Cost optimization, Digitisation and Staff Health & Safety.

Some of the key interventions, carried out during the year were:

### A. Staff Connect to ensure Safety and Well being:

During the first quarter, HR Team initiated massive reach-out, to personally contact each of the field staff across India to establish their whereabouts, safety and health. Almost all staff were spoken to and wherever staff was in transit and found stranded, arrangements were made to make them reach the nearest safe location for stay. In locations which had stay arrangements for staff, stock-up of provisions was made.



### B. Covid Relief Fund for Staff:

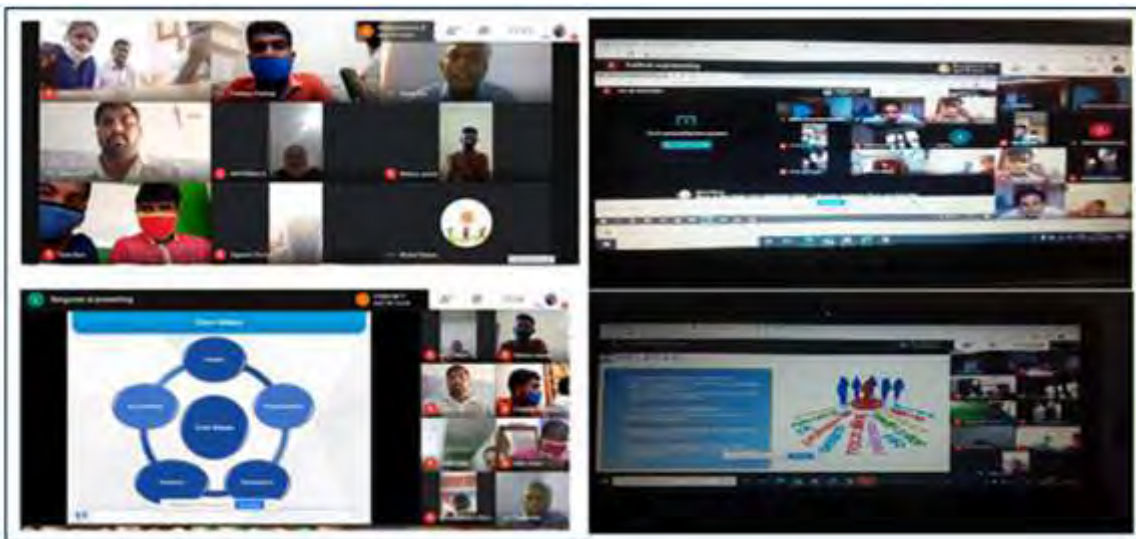
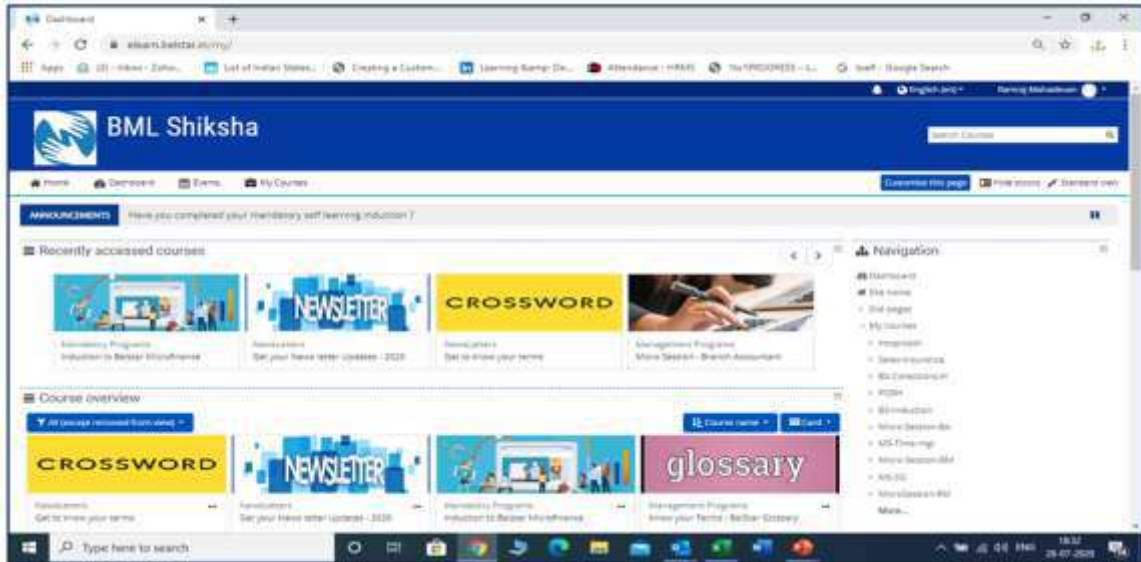
During the first wave of COVID-19, a dedicated center at HO was created and mapped to Whatsapp group - to trace, compile and respond with assistance to affected staff, in a coordinated manner. A total of 149 staff got infected by COVID during first wave.

Apart from grant of special leave with pay of 14 days, relief amount INR 5000 was extended to all afflicted staff. An additional amount INR 5000 was extended as interest free credit line, on need basis.



### C. Staff Training – Introduction of Online Training:

During Lockdown period, the idle time of staff was utilized to enhance their skill/capabilities. All training module, which were designed for classroom mode, got re-designed for rollout in Online mode. The field staff, particularly, Sales Officers, Branch Accountants, Branch Managers, Regional Managers and the Risk Team underwent the online training. Subsequently, Moodle based Online Training Portal – BML Shiksha was launched during October 2020.



### D. Productivity by way of Restructuring or role revamp:

Post Lockdown period, being lean on business, called for enhancing the efficiency of manpower resources by way of optimising span of control.

For e.g., In risk function, depending upon the proximity of location of the allotted branches Risk Executives span was enhanced from 2 branches to 3 or 4 branches per executive.

Apart from front line roles like Sales officers, other support function roles were also roped in to expand the focus on collections.





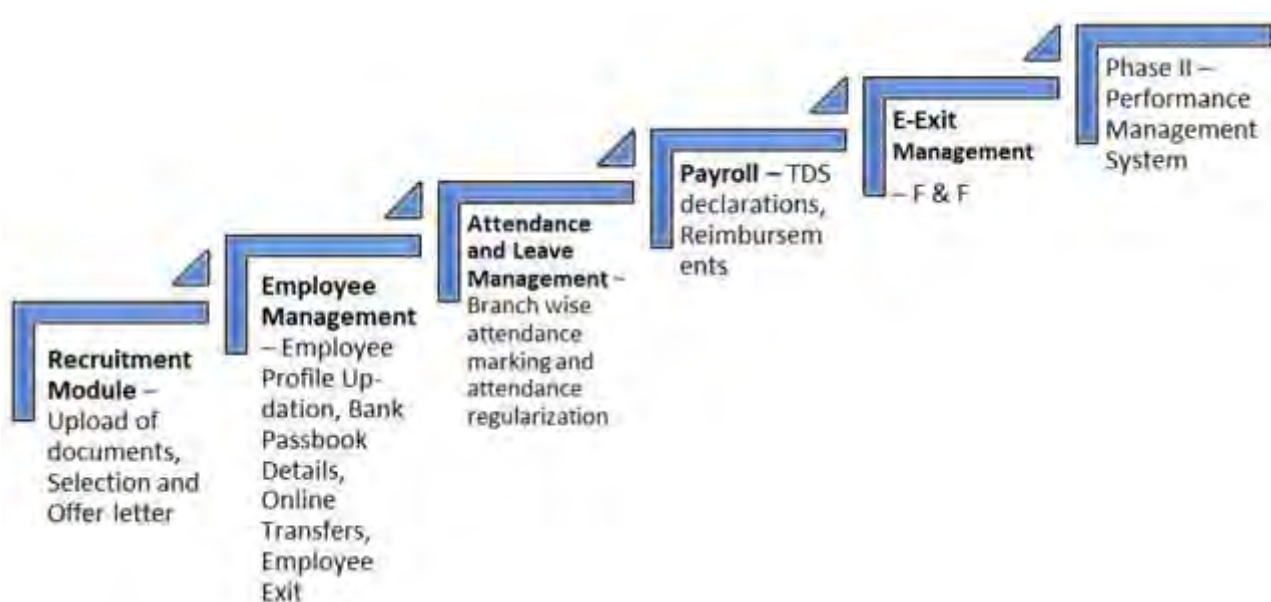
## E. Implementation of Phase I and Phase II of HRMS

Relentless push for Digitisation and going paperless in all HR processes, by way of pushing for HRMS system (Formula HR) usage and adoption (MyBelstar.in) resulted in implementation of Phase 1 and 2 modules of HRMS, during the financial year.

The recruitment process got further streamlined by way of paperless process with the entire recruitment process from Sourcing to Offer, moving entirely online.

Also, subsequent employee life cycle processes like employee on boarding, transfers and promotions, attendance tracking and the subsequent payroll processing, is enabled Online through the HRMS.

The Phase II implementation of Performance Management System enabled Online appraisal, from goal setting to final rating moderation and release of salary Revision Letters is being done through the HRMS.



## F. Special Collection Incentive during Lockdown:

The field staff – Sales Officers, Branch Accountants, Branch Managers and Regional Managers have been recognized with the Special Collection Incentive. This cash award is part of the Reward and Recognition of the exemplary work done by the field staff during lockdown.

## G. Introduction of Trainee Scheme in Belstar:

Trainee Scheme has been introduced in Belstar, to help augment fresher hiring through a centralized template. This initiative also includes elaborate set up of mentors and buddies, to ensure smoother onboarding and acclimatization to “Belstar Work Culture”. It will thereby help reducing infant attrition. On pilot basis, the first batch of 25 Trainees got trained and absorbed in TamilNadu. Basis encouraging feedback, it is being expanded to other states too.



## **H. Outsourcing of Non-critical Roles:**

Non-critical roles in centralised operations got identified for outsourcing. Accordingly, some budgeted headcount in Gujarat, Madhya Pradesh, Karnataka and HO, got moved to Outsource model.

**I. Psychometric Assessments for Entry level positions:** In tie-up with world leaders in Psychometric assessments, MercerMettl, Belstar rolled out psychometric assessments for field roles. It is multi-lingual with provision to conduct the online test in English, Hindi, Tamil, Malayalam and Kannada. The assessment scores generated are used as additional input while selection of candidates.

**J. Salary structure made more tax-friendly by way of NPS (National Pension Scheme) roll out:** In tie-up HDFC Pension Ltd, National Pension Scheme subscription was introduced in January 2021, for the staff.

Key Figures:

### **Headcount**

Opening HC as on 1st April 2020 – 4428

Closing HC as on 31st March 2021 – 4562

Nett Increase of only 134

**Voluntary Annualised Attrition Rate** stood at 23.16%.



## Staff training - the X factor

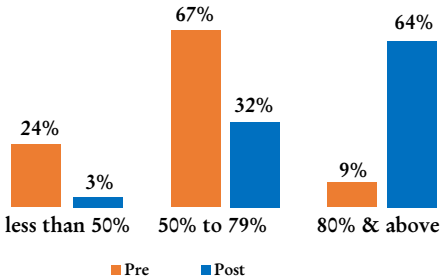
The year 2020-21 witnessed lot of new initiatives from the training department and an array of new training programs for the Belstar Staff. While the COVID-19 and subsequent lockdowns across the country posed challenges on the physical delivery of training, it did not deter the training programs provided to staff. There was a swift change in mode of training from Classroom sessions to Online sessions and certifications.

The year commenced with conducting a pre module assessment for all field staffs across different roles (Sales Officer, Branch Manager, Branch Accountant, Regional Manager, Risk Assessment Team).

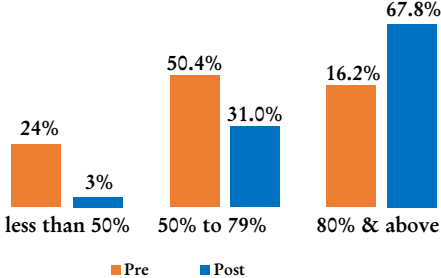
The assessments helped in understanding the current knowledge level of employees. Subsequently all these employees were provided self-learning materials customized to each role. The progress in the knowledge level was tracked by conducting a post module assessment for all the field staffs.

There was considerable improvement in the employees understanding and knowledge post this training intervention.

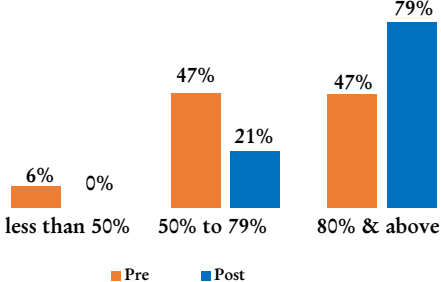
**SO Score (%) Comparison - Pre & Post**



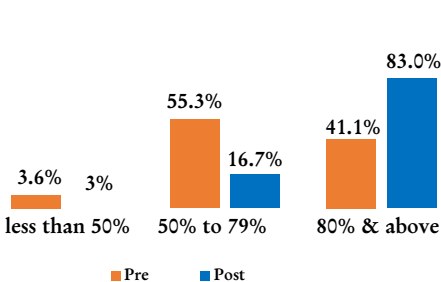
**Pre & Post Assessment Score % - BM**



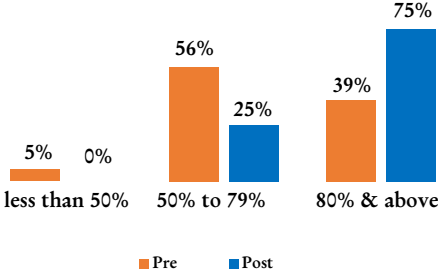
**RAT Score % Comparison - Pre & Post**



**BA Score & Comparison - Pre & Post**



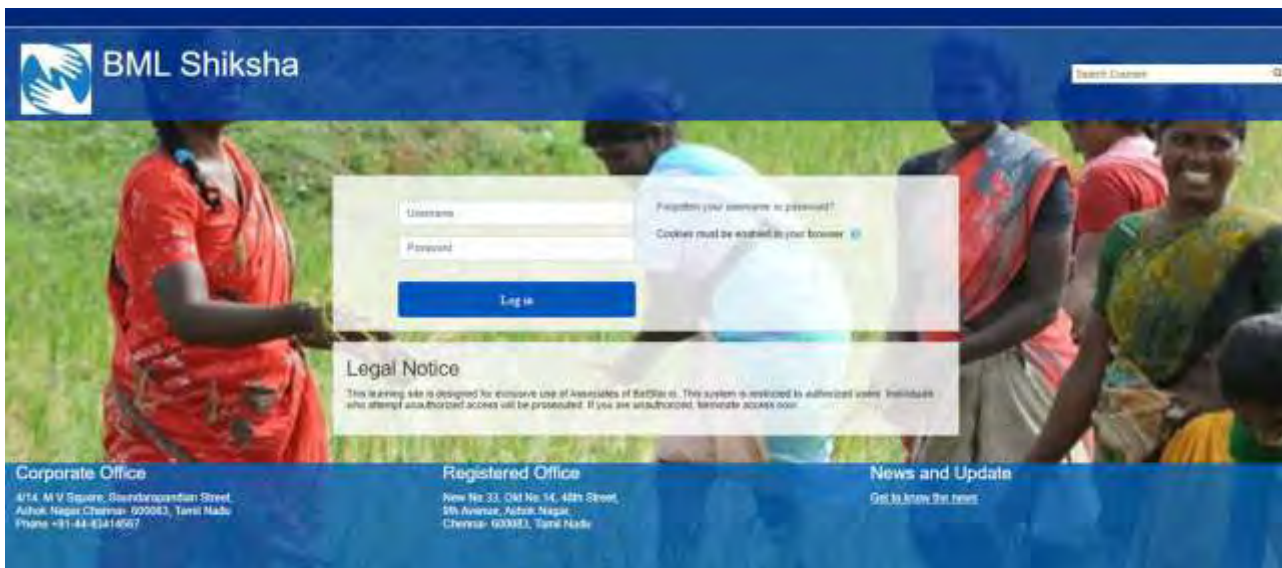
**Pre and Post assessment score - RM**



## Launch of Learning Management System - “BML Shiksha”

Over the years the trainings have been conducted through classroom mode in Belstar and all certifications were undertaken manually. This year saw a major shift to online trainings and certifications.

In October 2020, we launched our very own Learning Management System (LMS) – “BML Shiksha”. The LMS was launched by Dr. Kalpanaa Sankar our Managing Director (MD) along with other senior management team of Belstar through virtual mode.



### Highlights of BML Shiksha:

- BML Shiksha can be accessed from anywhere through desktop, laptop, tab, mobile. Learn on the go....
- Courses are made available in Word, Excel, PowerPoint, video, audio etc.
- Assessments through variety of evaluation options like multiple choice, match the following, image-based quiz etc. and certifications.
- Record of courses completed and certificates available for each employee.
- Reporting managers can view, and track courses completed by the employees.
- Scorm compliant training modules... Cannot be downloaded or copied.
- Automatic mapping and allocation of training modules as per roles and vintage
- Easy to access and undertake courses and assessments.
- Fun filled and game-based learning available... Snakes and Ladder, crosswords, sudoku etc.
- Glossary of terms and Belstar Trek (Newsletter) made available through the LMS,

Overall, 2000 plus certifications were completed across different training modules through BML Shiksha between Oct 2020 and March 2021.

### Training interventions in 2020-21

The year comprised of many training interventions for the employees across roles and levels. Apart from the conventional induction for the new joiners, we started providing more focused training interventions. The trainings were conducted on online mode.





## List of training interventions:

### For new joiners:

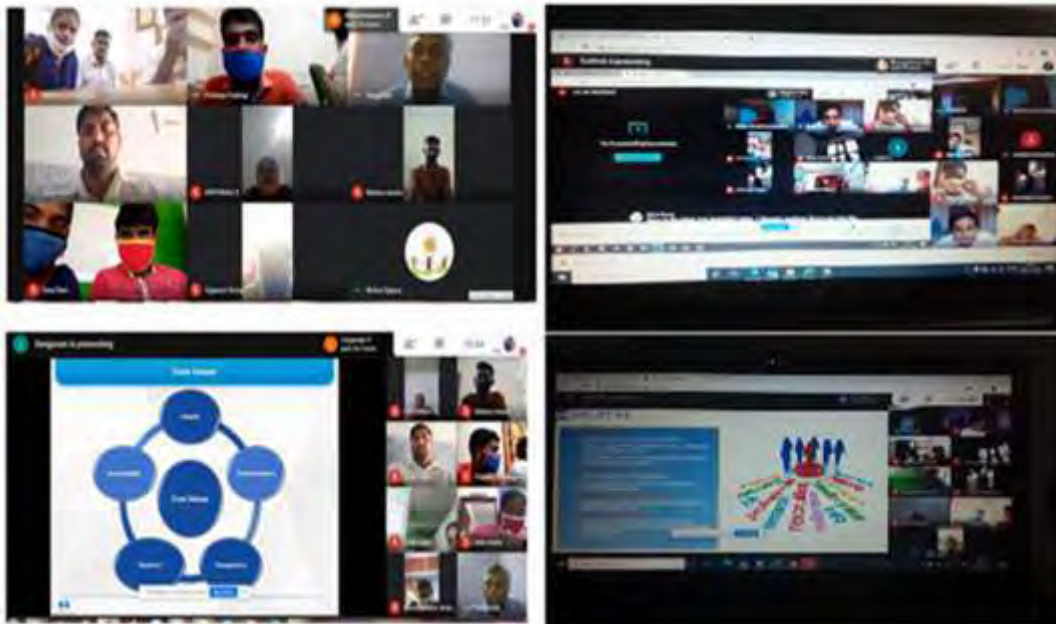
- 2 days common induction
- 1 day role based induction

### For all employees:

- Refresher training on products and process
- Basics of Insurance and Insurance claim process
- Digital collections including Samrithi Customer Application
- FinnOneNeo application for MSME loans
- CRM and Cyber Security
- Right sourcing of clients
- Consumer Goods Loan
- Email Etiquette



Overall, 716 training sessions were conducted covering 20810 participants. We were able to overachieve on the targeted man-days of 18000 for the year. The year also saw the field staff being provided with at least 4 focus training programs in the year per employee.



## Training – the Way forward: FY 2021-22

Staff training through virtual mode has become a reality now and newer modules are being developed and delivered to ensure that the staff are adequately educated, not only on company products and processes but also on general areas like communication, etiquette etc.

Assuming easing of the field situation, we expect to commence our classroom session from the second quarter of 2021-22 by following covid protocols issued by the state government and local authorities.



Leadership training will be introduced for the senior management team.

New programs which will be rolled out during this year includes:

- Senior management workshops and certifications
- Mid-level leadership program for Regional Managers and Zonal Managers
- Managerial and leadership workshops for Branch Managers
- Soft skills and behavioural programs
- Belstar Samrithi app and BBPS payments – The digital mode of payment

Competency mapping for each role will be conducted and psychometric assessment will be rolled out for roles up to mid-level management.

All the staff (Existing and New) will be certified for the below mandatory modules through Learning Management System – BML Shiksha.

- Prevention of Sexual Harassment (POSH)
- Information & Cyber Security
- Role wise focus module certifications

The year will focus on capability building for employees and promoting digital transactions to a larger extent.

\*\*\*\*\*



## Staff Connect Programs

Owing to the pandemic and resultant lockdowns, several planned initiatives could not be undertaken. However, we could manage some activities as listed below following all precautionary measures and safety protocols against Covid19.

### Kerala

Kerala state had conducted staff connect initiatives in two regions during the months of February and March 2021.

In Kottayam region, a friendly football tournament was conducted which witnessed a good participation of 26 staff members and the finalist were rewarded with trophies.

In Kollam region, a cricket tournament was conducted with full participation from 48 employees. The winning team along with best performers were rewarded with mementos.

These staff connect initiatives were highly appreciated and every staff member was looking forward to more such programmes.



## Uttarakhand

Uttarakhand state had conducted a staff connect initiative, covering the entire state, in the month of April 2020.

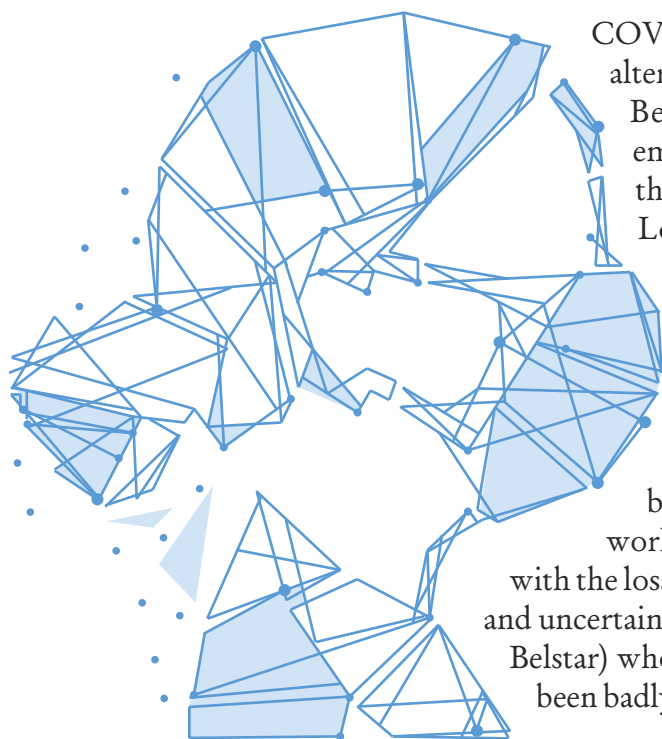
On April 17th, a friendly cricket tournament was conducted which had a good participation of staff with 49 participants.

The cricket match was conducted amongst four different teams at Doon college ground in Rishikesh (see box below). Both runner up (Nainital Warriors) and winning team (UK Royals) were rewarded with trophies.





## Covid-19 and Beyond



COVID-19 has had a significant socio-economic impact, altering our ways of interaction, service and life itself. Belstar has made concerted efforts to support employees, customers and communities, especially those most affected, in adapting to the new normal. Lockdowns of varied degree imposed across the country due to the pandemic resulted in adverse impacts on all sections of life.

With the COVID19 pandemic, lives and livelihoods across the nation were affected and the economically weaker section witnessed a huge blow. Workplaces shut down, bringing millions of workers and small business owners among others to deal with the loss of employment, fall in income levels, food shortages and uncertainty about their future. Microfinance institutions (like Belstar) who work for these economically weaker sections have been badly impacted as a result.

Recovery from the pandemic in various regions will depend on access to medical support, progress in vaccination drive and effectiveness of support given by the governments and regulators.

While COVID-19 undoubtedly created an extraordinary situation, which impacted all functions, Belstar made significant interventions to support customers every step of the way while also embracing the time as an opportunity to review long term efforts, business focus and shift in perspective to cater to the evolving needs of customers by introducing innovative and relevant products.

### Key interventions by Belstar

#### 1. For employees:

Belstar has implemented measures to provide a sanitised and disinfected work environment for the safety and well-being of employees. It formulated a clear SOP (standard operating procedure) outlining the necessary behavioural changes along with interventions needed at various touch points to contain the COVID-19 spread. Further, a task force for COVID-19, along with medical helplines, has also been set up for employees. Covid coverage was included in the Group medical insurance cover. Belstar has also made efforts to financially and emotionally support the employees and their families affected/impacted by Covid-19. The company has also taken measures to provide free vaccination to its employees.

#### 2. For customers:

- a. Belstar provided 6 months moratorium for all its clients, basis RBI directives
- b. Belatar restructured the accounts of customers, whose livelihood was severely impacted owing to the pandemic



- c. Introduction of loan products and services (like insurance) to deal with Covid-19 inflicted cash flow difficulties
- d. Using agile digital innovation platforms, Belstar launched products and solutions enabling customers to repay/transact digitally. This includes repayments through SMS URL and BBPS. This service will allow customers to transact with Belstar with certainty, reliability and safely.
- e. Samrithi Application (in-house app) to apply and repay loans without any human intervention.

The company is constantly monitoring the evolving macroeconomic environment and proactively working towards minimising the impact. Belstar believes in following this 8 fold-path model to fight and handle the Covid-19 crisis:

- i. **Communicate** regularly and effectively with staff, board, customers, government officials, community, members of networks, investors, lenders and other stakeholders
- ii. **Be transparent** with all the stakeholders
- iii. **Focus on relationships** to ensure all the stakeholders feel valued
- iv. **Be responsive, flexible and agile** to the constantly evolving health and economic factors
- v. **Empower staff** to make frontline decisions and be responsive to customer in crisis
- vi. **Think bigger, act faster** as the magnitude of the crisis presents an unprecedented call for decisive and bold action
- vii. **Be Customer Centric** to listen, understand, and meet the needs of the customers.
- viii. **Convey Hope** to bring long term optimism



# Technology – The Enabler

FY-20-21 was eventful year for IT. Our main focus was to provide relief to customers by incorporating the Moratorium functionality and Process Strengthening in our core application Jayam, launch of various Digital collections avenues, Samrithi App Launch for Belstar Customers&Finnone application Launch for the MSME Vertical.

## Contents

- 1 Applications**
  - 1.1 Process Strengthening
  - 1.2 Covid-19- Moratorium Changes & Restructuring
  - 1.3 Digital Collections
  - 1.4 Samrithi Application Launch
  - 1.5 MSME Finnone Application Launch
  - 1.6 Online Test Application
  - 1.7 Village Mapping Application
  - 1.8 Death Claim Tracker
  - 1.9 Integration
- 2 MIS / Analytics**
- 3 Infrastructure**
  - 3.1 Email Migration
  - 3.2 Cloud Laptop Backup5
  - 3.3 Open Office
  - 3.4 Hardware
  - 3.5 IVR / Voice /SMS Blast
- 4 Information Security**
  - 4.1 CCTV Installation
  - 4.2 Vulnerability and Penetration Testing
  - 4.3 CCTV IVMS
  - 4.4 Web Application Firewall (WAF)
  - 4.5 Endpoint Detection and Response (EDR)
  - 4.6 Secured VPN Connectivity
- 5 Initiatives for FY 21-22**
  - 5.1 Projects
  - 5.2 MIS / Analytics
  - 5.3 Infrastructure
  - 5.4 Information Security



## 1 Applications

### 1.1 Process Strengthening

Having focused in FY-19-20 on mobile App implementation, for FY-20-21, we took the game little forward by implementing various changes in the core application to enhance its capabilities. Following are some of these:

1. Primary & Secondary-KYC document capturing changes- as per Regulatory guidelines
2. Device Tagging to User- this reduced the risk of unauthorized device usage and login in our Core Application
3. Loan Amount Reduction option for BM and RAT
4. Voter ID Validation by using API-integration with Karza Tech
  - a. This has reduced the risk of capturing fake Voter ID into the system.
5. Changes in CGL Workflow and Application for CGL customer enrolments
6. Loan Documentation in Vernacular Languages
7. Credit Bureau Rule Engine changes
8. Day End process changes
  - a. Automation of Branch Coinware
  - b. Maker Checker Concept
9. Payment Reversal Functionality upgraded
10. Launch of Emergency Loans

### 1.2 Covid-19- Moratorium Changes & Restructuring

As part of providing relief to the customer in line with RBI and SRO directives, we carried out the following changes in the application.

1. Launched Moratorium from Mar-20 onwards.
2. Implemented- Moratorium & Loan Balance Confirmation letter
3. Launched module to collect the data of Moratorium applied customers
4. Moratorium Extension period insurance launched.
5. Moratorium related changes in various modules of core application
6. Re-schedulement of loans – Tenure has been extended to those members who have opted Moratorium and the interest which was accrued during the Moratorium period was amortized for the remaining months of tenure.
7. Introduction of Special Net off Loans and stageoptimisation to disburse the loan within 2 days turnaround time.
8. Restructuring of loans

### 1.3 Digital Collections

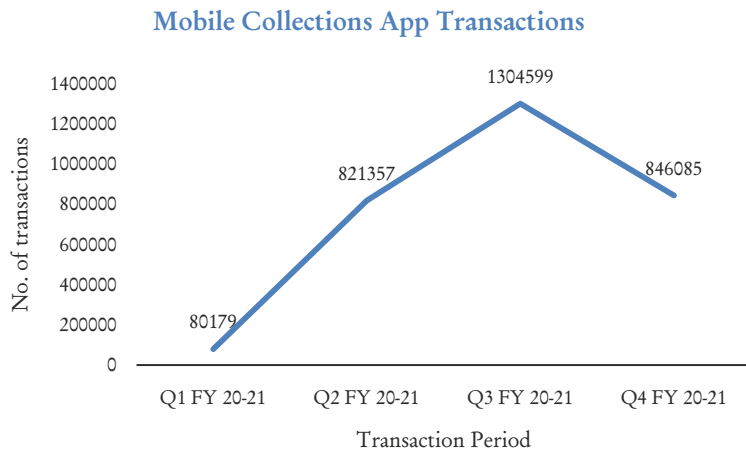
As Covid-19 restrictions came into place, it became difficult for customers to travel to our Branch for collections. Launching of the below modules helped customers effecting digital payments.

1. Mobile Collection Application- Used by Sales Officers, Branch Managers and Collection Executives to make a repayment entry on the mobile app on the field.
2. Launched in the month of May 2020.

Below is the snapshot of transactions which has come through Mobile App during each quarter of the Financial Year.







3. Indus Collection- Module launched in partnership with Indusind Bank, where customer can make payment using the link sent via SMS.
4. Samrithi Application-UPI Payment Functionality

#### 1.4 Samrithi Application Launch

It is an android based mobile application developed for Belstar customers to avail basic services like:

1. Check the Profile
2. View loans,
3. View Receipts
4. Apply for New Loan
5. Make Online Payments
6. Raise Requests or Complaints &
7. FAQ's.

Belstar can also trigger notification to customers based on an event or for any marketing related activities. The App currently comes in 4-Vernacular languages-Tamil, Hindi, Marathi, Punjabi, apart from English, while other applicable languages will be introduced soon.

#### Samrithi App Payment Functionality

We have integrated with IndusInd Bank UPI platform using the Intent call functionality; this allows customer to directly invoke the Payment Apps(like-gPAY/Paytm etc) available in mobile phone and make payment in payment Apps. Once the payment is made the customer is redirected to Samrithi App and this gives a seamless experience to the customer and the entire payment process gets completed within 1-2mins.

#### 1.5 MSME Finnone Application Launch

We partnered with Nucleus Software Export Ltd in SAS model for our MSME business. Nucleus is one of the leading SAS players in the Banking & NBFC domain and this application has provided a robust technical platform for MSME vertical.

Following modules were launched as part of the implementation:

1. FinnOne Neo MCAS(Mobile Customer Acquisition System)
2. FinnOne Neo CAS(Web Customer Acquisition System)
3. FinnOne Neo LMS (Loan Management System)
4. FinnOne Neo Collections (Web Collection)
5. FinnOne Neo Mcollect (Mobile Collection)



We have already launched various schemes under Secured and Unsecured products and the application has the capability to launch newer products and schemes as per our needs.

### 1.6 Online Test Application

Application has been designed and developed by the Inhouse Development Team for HR Team to assess the existing employees and new candidates. Around 3500+ employees of BA/BM/RAT/RM role have taken the test.

### 1.7 Village Mapping Application

Village mapping is an exercise which came as a requirement from the Business Team to map all the existing groups to Census villages. An inhouse application has been developed for this exercise and the same was used by the branches to map the census village.

### 1.8 Death Claim Tracker

An application was developed inhouse for initiating and tracking the death claims raised by the members/nominees. Using this application, we will be able to easily understand and monitor the status of insurance claims.

### 1.9 Integration

API/ Database Integration has been done by our inhouse team for:

1. Samrithi to Jayam
2. HRMS to Email – Email ID creation for new employees and deactivation of email ID at the time of exit of employees has been taken care through this integration.

## 2 MIS / Analytics

Various MIS reports have been created during FY 20-21 and some of the major reports are listed below. These reports are triggered automatically to the Top Management team / Zonal Heads / State Heads / Collections / BM etc on a daily/ weekly / monthly basis.

1. Mudra Report
2. Loan Assets with PTC / DA Breakup
3. Potential Customers for renewal of primary / emergency loan
4. Loan Balance and Moratorium Confirmation Status report
5. Write off Eligibility list as per the Delinquency policy.
6. Repayment Schedule Rundown report
7. Portfolio Cuts Report
8. On-time Repayment Report
9. Portfolio Scanning Report
10. Ticketing Portal – Daily status of Pending tickets

As part of Analytics, we have created a Villages covered and uncovered dashboard using the Power BI Application tool.

## 3 Infrastructure

### 3.1 Email Migration



- Email has been migrated from Gsuite to Zoho mail.
- Migrated 4274 users from 30 GB email to 1 GB email plan.
- Automated Email Backup for key users - Any deleted/removed mail will be available in the backup.
- Migrated email client to thunderbird from Outlook for branch users.

The above have resulted in substantial cost savings.

### 3.2 Cloud Laptop Backup

- Cloud laptop backup for key users – It is an automatic scheduled backup, which is AES 256 encrypted, Data at rest and motion is encrypted.
- Data which has been deleted later from the laptop will be available in the cloud storage.
- in backup, retention will be forever and hence, we can retrieve the data from the backup at any point in time.

### 3.3 Open Office

- We migrated to Open Office from MS Excel resulting in cost savings.
- All new branches started working with Open Office only.

### 3.4 Hardware

- MFP Scanner cum printer for 50 branches on a pilot basis.
- This device is planned for the digitisation of loan documents at the branches.

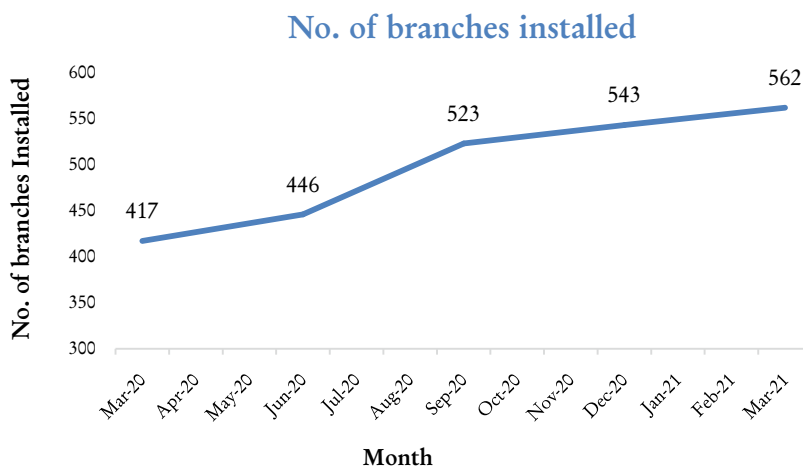
### 3.5 IVR / Voice /SMS Blast

- IVR / Voice blast is an activity which was initiated to communicate with our customers.
- This was used to send communication related to moratorium, new products,potential customers for higher ticket loans etc.

## 4 Information Security

### 4.1 CCTV Installation

CCTV has been installed in all Belstar owned branches.



## 4.2 Vulnerability and Penetration Testing

As part of RBI compliance, VAPT has been completed for all our:

1. Applications
2. Cloud Data Centre
3. HO Network

## 4.3 CCTV IVMS

- Centralized control
- Proactive monitoring tool
- Motion detected.
- Realtime overview of CCTV hardware
- Cloud solutions and easy to manage.

## 4.4 Web Application Firewall (WAF)

Since Samrithi Application is designed for usage of the customer and as it goes to public, we had implemented WAF to protect the solution from outside cyber-attack.

## 4.5 Endpoint Detection and Response (EDR)

Endpoint Detection and Response (EDR) is an integrated, layered approach to endpoint protection that combines real-time continuous monitoring and endpoint data analytics with rule-based automated response.

EDR was implemented for all devices to protect them from latest malware attacks.

## 4.6 Secured VPN Connectivity

VPN solution has been implemented for all Belstar assets. All the data flow happens through a secured channel.

## 5 Initiatives for FY 21-22

Some of the major initiatives planned for the year FY 21-22 are listed below:

### 5.1 Projects

1. Loan Documents scan, upload and verification by COC
2. Mobile Number updation and verification through OTP
3. Equifax Bureau Integration
4. BBPS Digital Collections
5. Anti-money Laundering App
6. CKYC
7. Customer App Enhancements (Samrithi App)
8. Penny Drop Facility
9. Borrowing Module Changes
10. Purchase/ Invoice Tracker
11. Village risk matrix
12. Samrithi – Jayam Integration
13. HRMS – Jayam Integration
14. HRMS – Asset Management Integration (Sapphire)





## 5.2 MIS / Analytics

1. Repayment Analysis
2. Overdue Customer Prediction
3. Churn Analysis on Retention
4. Village / Cluster level Performance Analysis
5. Analysis on Scrub / Portfolio review data from Credit Bureau

## 5.3 Infrastructure

1. MPLS implementation for 35 branches
2. Cloud Server Cost Optimization
3. BYOD Implementation for all new joiners

## 5.4 Information Security

1. Information Security Audit as part of RBI Compliance.
2. DLP solutions to protect the organization from data leakage.
3. Secured VPN solutions for Service Provider branches to access application via secured path.



## The yield of Social Outcomes through productive Credit Plus Interventions - FY2020-21



At Belstar, it is always MISSION IMPOSSIBLE. Notwithstanding the Covid19 pandemic and its impact on field level restrictions, BELSTAR engendered the greater social outreach by providing a wide range of 'Credit Plus' services for maximizing its social mission. Towards creating harmonious business environment and fulfilling the Customer's expectancy, BELSTAR has evolved Credit Plus milieu with appropriate interventions focusing on Customer connect, satisfaction and socio-economic advancements. It incorporates with the well-structured non-financial services like strengthening Women Self-Help Groups and their networks, capacity building trainings, advocacy, awareness creation, counselling and creating linkages with various Govt. Departments and potential private Institutions for fostering the overall welfare of the Customers as well as yielding the expected business outcomes.

The Credit Plus and Social mobilization Team has convalesced several strategies for harnessing the power of SHG women power by promoting their tremendous potential towards attaining a dignified way of life through confidence and competence. Hence, to consolidate the capacities, capabilities of SHGs, the team nurtured 382 Nos. of vibrant SHGs-Cluster Level Networks (CLN) in 14 Districts and 14 SHGs-Block Level Networks (BLN) in 5 Districts as common platform for 3,622 Nos. of SHGs consisting of 46,568 Women. Besides, the team conducted 382 Nos. of Trainings for 9,168 CLN members on Managerial and Operational Functions and 76 Nos. of Leadership Training for 1,838 CLN-Office Bearers for advancing their capabilities and skills to bring the expected transformation and empowerment. Due to the continuous effort of CLNs 58 Villages have solved their basic needs (Drinking water, Approach roads, Electricity problems etc.) through their local Panchayat and Govt. Departments. Besides, the Social mobilization team facilitated the CLNs to organize 84 Nos. of Advocacy Programmes, Interface Meetings Campaigns at the Village level with the support of District Social Welfare Board, Agriculture and Animal Husbandry Departments, KVK and District Industrial Centre etc., and built smooth relationship with them for accessing apt schemes and benefits for the Customers/SHG Members. Due to continuous strive, 17,421 SHG-Members/Customers have accessed the ongoing Govt. Schemes (Opening SB Account (PMJDY, PAN Card, Subsidized Govt. Insurance (PMSBY & PMJJBY) Asset Insurance, Pension Schemes, CM-Health Insurance, Udyog Aadhar, Kissan and Labour Welfare-Nalavarium schemes etc.) towards preparing them to start / expand enterprises and other mandatory requirements. Furthermore, with the aim of amplifying better relationship and engrained bond with the Customers the team facilitated all the CLNs to organize regular Customer meet at their





Village level and fostered the business upshots. So far, the team initiated 2,560 meetings and campaigns for 26,108 Customers by disseminating the knowledge on various 'Loan Products of BELSTAR, advantages of prompt repayment, and livelihood related thematic subjects. It has ensued remarkable participation and a sense of ownership among SHG members as well as advanced their capacities and leadership qualities towards joint action for fulfilling the shared vision.



As a consequent effort, the Social mobilization Team has facilitated and organized 164 Nos. of Health Camps (General and Special Camps) for 14,280 Nos. of SHGs and other Community Members in different locations with the support of Hand in Hand (HIH), Govt. and Private Health Institutions. Besides, with the support of HIH- Health Pillar, the SHGs-CLN has organized 216 Nos. of Training on Personal Hygiene and Water and Sanitation for 5,250 Members in 12 BELSTAR Regions. It has showcased the organizational accountability and resulted much loyalty among the Customers and their family members.



With the backup of BELSTAR Branch Staff, the Credit plus and Social mobilization has facilitated Financial Inclusion Training for 3,680 SHG Members and Digital Literacy Training for 1850 SHG Members and their siblings with the support of CLN-Knowledge Volunteers. Successively, the team organized 3,687 Nos. of FGDs, Village Level Sensitization Enterprise Motivation and Business Development Trainings for 46,568 SHG Members in 14 Districts to wards enhancing existing entrepreneurial opportunities and advancing appropriate gainful enterprise activities.

Moreover, 2 Nos. of SHG Entrepreneurs Award Programmes were organized in Tiruvallur and Villupuram Districts with the support of Enterprise Team of HIH. In continuation, few CLNs have identified 210 Nos. of potential MSME loan leads and recommended the same to the respective Business Team of BELSTAR for taking it further. Congruently, with the support of HIH – SDTC Pillar and Govt. & Private Institutions, 52 Nos. of Technical Skill Training (15-45 days) in various trades (SMO - Tailoring, Aari embroidery, Beautician, Deepam Oil preparation and other appropriate Skill Trainings based on the marketing demand) for 924 Nos. of SHG members and their siblings for evolving self-employment and income generating opportunities. It has augmented self-confidence as well as income level of the SHG members and customers. Eventually, this has buoyed potential customers, financial self-sustainability, customer retention, on time repayment (OTR) and the way out for considerable number of OD issues. Persistently, BELSTAR is experimenting and stemming new ideas and strategies with the guidance of Senior Management Team towards enhancing customer satisfaction and organizational effectiveness.

Despite the business challenges arising out of the pandemic, the Board and management have ensured that there is no “mission drift” and Belstar continues to grow keeping alive its mission of “financially empowering women and help them build and manage sustainable livelihoods”

\*\*\*\*\*





# Director's Report



Dear Members

## Belstar Microfinance Limited

Your Directors have great pleasure in presenting the 33<sup>rd</sup> Annual Report of the Company together with the Audited Financial Statements for the year ended March 31, 2021.

You are our valued partners in the Company, and we are happy to share our performance and vision of growth with you. Our guiding principles are a blend of optimism and conservatism, which has been and will be the guiding force of all our future endeavors.

The summary of financial results for the year is given below:

### 1. FINANCIAL RESULTS:

The financial performance of the Company for the year ended March 31, 2021 is summarized below:

Particulars	(₹ In millions)		
	FY 2021	FY 2020	Change (%)
Total Income	5531.59	5007.47	10.47
Finance Cost	2344.55	1821.85	28.69
<b>Net Income</b>	<b>3187.04</b>	<b>3185.62</b>	<b>0.04</b>
Total Operating expenses	1809.37	1623.67	11.44
<b>Pre-provisioning operating profit</b>	<b>1377.67</b>	<b>1561.95</b>	<b>-11.80</b>
Impairment on financial instruments	807.55	229.50	251.87
<b>Profit before tax</b>	<b>570.12</b>	<b>1332.45</b>	<b>-57.21</b>
Tax Expenses	103.61	342.46	-69.74
<b>Profitafter Tax</b>	<b>466.51</b>	<b>989.99</b>	<b>-52.88</b>
Other comprehensive income (net)	-5.12	-1.15	345.22
<b>Total comprehensive income</b>	<b>461.39</b>	<b>988.84</b>	<b>-53.34</b>
Basic Earnings Per Share (EPS) (in rupees)	12.43	26.39	-52.90
Diluted Earnings Per Share (DPS) (in rupees)	12.43	26.39	-52.90

During the year under review, the Company crossed a milestone networth of ₹500 Cr. Due to Covid pandemic the Company's disbursement was much lower as compared to the budget, and the livelihood and resultant cash flow impact of our clients increased our impairment provisioning. The combined effect of the above resulted in lower interest income and profit, despite efficiencies in treasury management and saving in certain operating costs.

### 2. OPERATIONAL HIGHLIGHTS

The summary of Operational highlights is as under:

Particulars	FY 2021	FY 2020	Change (%)
No. of States / UTs	19	18	5.55
No. of Branches	649	603	7.63
No. of Employees	4562	4428	3.03
No of Borrowers	13,80,584	12,03,633	14.72
Disbursement (₹ million)	2,435.03	2613.21	-6.82
Gross Portfolio (in ₹ million)	32,987.34	26,300.95	25.42



The company continued its path of all-round growth, through its 649-branch network pan India, though new branch growth was much lower than planned, due to the pandemic. Gross Loan Portfolio of the company ended up at ₹3298.73 Cr as at March 31, 2021 with annual growth of 25.42%. This too was lower than the budgeted number, as the Covid pandemic severely impacted fresh disbursements.

As a responsible MFI, the Company reduced its lending rate on Micro Enterprise Loans several times during this year, to pass on the benefit of reduction in weighted average cost of borrowing to its customers.

- As of March 31, 2020 21.05%
- Wef May 01, 2020 20.95%
- Wef January 01, 2021 20.86%
- Wef May 01, 2021 20.12%

### **3. DIVIDEND**

Based on the Company's performance, your Directors are pleased to recommend for approval of members, a dividend of Rs. 0.30 [i.e.3.0%] per share on the face value of Rs. 10 each on the equity share capital of the company, for the financial year 2020-21. The dividend, if approved by members would involve a total cash outflow of ₹11.26 Million, resulting in a payout of 2.41 % of the current year's net profit of the Company.

### **4. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

The Company is not having any unclaimed dividend which are due for remittance into Investor Education and Protection Fund.

### **5. TRANSFER TO RESERVES**

As per the statutory requirement under Section 45-IC of the Reserve Bank of India Act, 1934 an amount equivalent to 20% of the profit after tax, being ₹93.30 Million has been transferred to Statutory Reserve.

### **6. SHARE CAPITAL**

During the year under review the Company has not raised any Share Capital. As at March 31, 2021, the paid-up share capital of the Company stood at Rs. 37,52,05,240/-.

### **7. IMPACT OF THE COVID-19 PANDEMIC**

The Board of Directors are of the view that the Indian NBFC sector was adversely impacted due to the disruption caused by the pandemic, though a bunch of measures have been taken by the regulator to tide over the impact of the pandemic. The COVID-19 pandemic has intensified into a global crisis, driving the nation to enforce lock-down of all economic activities for the last few months. We remain committed to the health and safety of our employees and their families, as well as business continuity to safeguard the interests of our customers, lenders, and other stakeholders. The short-to-medium-term impact of the COVID-19 outbreak and the subsequent measure of the lockdown to combat the pandemic seems to be more on the urban sector as compared to agriculture-based rural activities. MFIs with more exposure in



urban sectors will face more difficulties than a lending institution having a large number of rural sector borrowers. The impact of the pandemic on our business performance is outlined under the Management and Discussion Analysis Report.

## 8. CHANGE IN NATURE OF BUSINESS

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

## 9. RESOURCES MOBILIZATION

Your Company has diversified funding sources from Public Sector, Private Sector and Foreign Banks, Financial Institutions etc. Funds were raised in line with Company's Resource Planning Policy through Term Loans, Non-Convertible Debentures (NCDs), Subordinated Debts and in the form Direct assignment. The details of funds raised during the year are as below:

S. No	Borrowings / Security type	Amount Raised (₹ Million)
1	Term Loans from Banks and Financial Institutions	17,275
2	Secured Redeemable Non-Convertible Debentures	5,300
3	Unsecured Redeemable Subordinated Debentures	700
4	Direct Assignment	3,163.53

No interest payment or principal repayment of the Term Loans was due and unpaid as on March 31, 2021.

Secured Redeemable Non-Convertible Debentures, Unsecured Redeemable Subordinate Debentures are issued by your Company on private placement basis and the rating for various facilities indicating the highest degree of safety regarding timely servicing of financial obligations.

## 10. CREDIT RATING & MICRO FINANCE GRADING

The Grading and Credit ratings obtained from the Rating Agencies during the year are as below:

Rating agency	Instrument	Rating
CRISIL	Long term Bank loan Ratings	CRISIL AA-/Stable (Upgraded from 'CRISIL A+ /Positive')
CARE	Non-Convertible Debenture Debt-Subordinate Debt	CARE A+; Stable (Single A Plus; Outlook: Stable)
ICRA	Debt-Subordinate Debt	ICRA A Stable; Outlook: Reaffirmed
CART	MFI Grading	MFI 1
CART	Code of Conduct Assessment Grade	M1C1



## 11. CAPITAL ADEQUACY

The Capital Adequacy ratio for the year ended March 31, 2021 is 22.24% as against the minimum capital adequacy requirement of 15% prescribed by RBI. Tier I is at 16.64% while Tier II comprises 5.60%.

## 12. DIRECTOR AND KEYMANAGERIAL PERSONNEL

As on March 31, 2021, the Board of your Company consists of Nine Directors. Their details are as follows:

Category	Name of the Director
Executive Director	Dr. (Mrs.) Kalpanaa Sankar
Non-Executive Nominee Directors	Mr. K R Bijimon Mr. George Alexander Mr. George Muthoot Jacob Mr. David Arturo Paradiso
Non-Executive Independent Directors	Mr. A Subramanian Mr. V A George Mr. K Venkataraman Mr. Chinnasamy Ganesan

The composition of the Board is in line with the requirements of the Companies Act, 2013. All the Directors have vast knowledge and experience in their relevant fields and the Company is benefitted immensely by their presence on the Board.

### **A. Changes In Directors and Key Managerial Personnel (KMP) during the FY 2020-21**

During the year under review, Mr. S. Chandrasekar (DIN:02360909) Whole-time Director ceased as a Director upon expiry of his tenure as a Whole-time Director of the Company with effect from the closing hours of March 31, 2021.

Your Directors place on record their sincere appreciation for the invaluable advice, guidance and support provided to the Board and the Management team by Mr. S. Chandrasekar.

Other than the above, there were no other changes in the Board of Directors of the Company during the year under review.

Dr. (Mrs.) Kalpanaa Sankar, Managing Director, Mr. L. Muralidharan, Chief Financial Officer and Mr. Sunil Kumar Sahu, Company Secretary of the Company are the Key Managerial Personnel.





## B. Directors Retiring by Rotation

Mr. K R Bijimon (DIN: 00023071) a Non-Executive Director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

## C. Declaration By Independent Director

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6) of the Act.

The composition of the Board is in line with the requirements of the Companies Act, 2013. All the Directors have vast knowledge and experience in their relevant fields and the Company is benefitted immensely by their presence on the Board.

## D. 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 Directors. It also lays down criteria for determining qualifications, positive attributes of KMPs and senior management and other matters provided under Section 178(3) of the Companies Act, 2013

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

## E. Evaluation of Board, its committees, and Individual Directors

The Board has carried out an annual evaluation of its own performance, its Committees, Chairman and individual Directors.

A note on the Annual Board evaluation process undertaken in compliance with the provisions of the Companies Act, 2013 is given in the Report on Corporate Governance, which forms apart of this Report.

## F. Meetings Of Board

The Board met 4 (Four) times during the financial year 2020-21. All the recommendations made by the Audit Committee during the year were accepted by the Board. Details of the meetings of the Board held during the financial year 2020-21 are provided in the Corporate Governance Report which forms part of this Board Report.

## G. Meetings Of Committees

The details of the Committees of the Board namely the Audit Committee, CSR Committee, Risk Management Committee, Nomination and Remuneration Committee, Finance Committee, Stakeholders' Relationship Committee, Capital raise Committee, ALM Committee and IT Strategy Committee, their composition, terms of reference and the activities during the year under review are elaborated in the Report on Corporate Governance which forms a part of this Report.



### 13. PARTICULARS OF MONIES ACCEPTED FROM DIRECTOR OF THE COMPANY DURING THE FY 2020-21

During the year under review, the Company has not borrowed from any Director of the Company.

### 14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company confirms and states that:

- a) in the preparation of the Annual Financial Statements the applicable Accounting Standards have been followed along with proper explanation in relation to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and the profit/loss of the company for that period;
- c) the Directors had 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) the Directors have prepared the Annual Financial Statements on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 15. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

### 16. AUDITORS

#### **Statutory Audit:**

Pursuant to the provisions of Sections 139 and 141 of the Act and Rules made thereunder, the Shareholders in their 31<sup>st</sup> Annual General Meeting had reappointed M/s. N. Sankaran & Co, (Firm Reg No. 003590S) Chartered Accountants, as Statutory Auditors of the Company, to hold office for a period of 5 years from the conclusion of 31<sup>st</sup> Annual General Meeting till the conclusion of 36<sup>th</sup> Annual General Meeting to be held on held in year 2024.

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. The Auditors' Report is unmodified and does not contain any qualification, reservation, adverse remark or disclaimer.

The RBI vide its guidelines no RBI/ 2021-22/ 25 Ref. No. DoS. CD. ARG/ SEC.01/ 08.91.001/ 2021-22 dated April 27, 2021, on appointment of statutory auditor (s) by Non-Banking Financial Company (NBFC), has given flexibility to NBFCs to adopt these guidelines from second half of the Financial Year



2021-22 (“H2- Second half FY2021-2022”) in order to ensure that there is no disruption. M/s. N. Sankaran & Co Chartered Accountants, the Statutory Auditors of the Company has conducted audit of the accounts of the Company for seven consecutive financial years ending March 31, 2021. Hence the Company would have to appoint a new audit firm for conducting the audit for FY22. The Company is in the process of identifying a suitable audit firm(s) and the requisite approval of the members will be sought at a future date.

### **Secretarial Audit:**

Pursuant to the requirements of Section 204 of the Companies Act, 2013 and the Rules made thereunder, M/s. KSM Associates, Company Secretaries (having firm registration no. P2006TN058500), Chennai have been appointed as the Secretarial Auditor of the Company to conduct Secretarial Audit of the Company for the Financial Year 2020-2021.

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 for FY 2020-21 in FORM MR-3 is annexed to this report as “Annexure 1”.

### **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:**

At the beginning of each financial year, an audit plan is rolled out after the same has been approved by Audit Committee, which regularly reviews the status of the Audit plan and performance of the Internal Audit Department and provide directions as required. The audit plan is aimed at evaluating the efficacy and adequacy of internal control systems and compliance thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations. Based on the reports of internal audit function, process owners undertake corrective action in their respective areas.

## **17. SECRETARIAL STANDARDS**

The Company has complied with the applicable provisions of secretarial standards, viz., SS-1 and SS-2, as issued by The Institute of Company Secretaries of India, from time to time.

## **18. INTERNAL FINANCIAL CONTROLS**

Your Company’s internal control system is designed to ensure operational efficiency, compliance with laws and regulations and accuracy and promptness in financial reporting. The internal financial controls of the Company are commensurate with its size, scale, and complexity of operations. The Company has robust policies and procedures which, inter alia, ensure integrity in conducting business, timely preparation of reliable financial information, accuracy, and completeness in maintaining accounting records and prevention and detection of frauds and errors.

The internal financial controls with reference to the financial statements were adequate and operating effectively.



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

Muthoot Finance Ltd continues to be the holding company as on March 31, 2021, with a shareholding of 70.01%.

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

## 20. RELATED PARTIES TRANSACTION

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interest of the Company.

The Board of Directors of your Company has formulated a policy on related party transactions, which is displayed on the website of the Company at <https://www.belstar.in/>. This policy deals with review of the related party transactions and regulates all transactions between the Company and its Related Parties.

The details of the transactions with related parties, if any, are placed before the Audit Committee and the Board for their approval on quarterly basis. Transactions with related parties, as per the requirements of Ind AS, are disclosed to the notes to accounts annexed to the financial statements.

All the related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business except as stated in the Independent Auditor's Report.

Pursuant to the provisions of Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of the contracts or arrangements with related parties referred to in section 188(1) in Form AOC-2 is annexed as "Annexure 2".

The disclosures with respect to related party as specified in Ind AS is forming part of the financial statements in Note no. 42.

## 21. RISK MANAGEMENT POLICY

Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization. Your Company has a Board approved Integrated Risk Management Policy which has laid down a frame work for identifying, assessing, measuring various elements of risk involved in the business and formulation of procedures and systems for mitigating such risks. The Management identifies and controls risks through a properly defined framework in terms of the aforesaid policy.

## 22. THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, IN THE MANNER AS PRESCRIBED IN RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

### **1. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

#### **A. Details of Conservation of Energy:**

This is not applicable to the company and there are no matters to be reported under this head as your





Company is a Non-Banking Finance Company, and its operation are not energy intensive. However, significant measures are taken to reduce energy consumption by using energy efficient computers and electrical equipment as applicable. Our field staff generally use two-wheelers to reach to our customers for client servicing. We endeavour to reduce the fuel consumption by our field staff, by minimizing the requirements of travelling. Further the Company believes in optimum utilization of alternative resources available to reduce usage and conserve energy. We are also promoting use of renewable energy sources among clients at their households.

## **B. Technology Absorption:**

Your Company being a Non-Banking Finance Company, its activities do not require adoption of any specific technology. However, your Company has been in the forefront in implementing latest information technology extensively in its operations and continuously invests in energy-efficient office equipment at all office locations.

(i) Efforts made towards technology absorption:

In the year of Covid Pandemic, Information Technology continues to deliver the changes required to keep the business up and running. The Company has adopted a browser-based application e-FIMO which has enabled us to have the entire data in a single database and have real time data available without any time lag. During the year under review the company introduced Finn One Application for Micro & Small Enterprise Loan (MSEL) portfolio. The Company also introduced digital payment options to facilitate EMI payments for customers through non-cash modes. Further to this, the company launched a newly developed mobile application called “Samrithi”, which helps the customer in applying for loan, make payments through digital modes, raising complaint, checking loan balances and FAQs etc.

(ii) Benefits derived as a result of the above efforts: Complete digitization of the data capture, leading to loan processing in a systematic manner, reducing turn-around time for application processing, ensuring portfolio quality and easy way of repayment of loan. This in turn helps in increasing customer satisfaction and loyalty through frequent communication.

(iii) The company has not used any imported technology during the previous three financial years.

(iv) During the year, the Company has not incurred any expenditure on Research & Development.

## **2. THE FOREIGN EXCHANGE EARNINGS AND OUTGO**

A. Expenditure in Foreign Currency:

Your Company did not incur any foreign travel expenditure during the year under review. (PY- Nil)

B. The Company does not have any foreign currency earnings during the year under review. (PY- Nil)

## **23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the year under review, the Company has not given any loan or guarantee to any person or any other body corporate u/s 186 of the Companies Act, 2013.



## **24. CORPORATE SOCIAL RESPONSIBILITY POLICY**

In pursuance of the provisions of Section 135 read with Schedule VII of the Companies Act, 2013, the Company has a CSR Committee of the Board which reviews and recommends (a) the policy on Corporate Social Responsibility (CSR) including changes thereto, and (b) Oversees implementation of the CSR Projects or Programmes to be undertaken by the Company as per its CSR Policy. The CSR policy is displayed on the web site of the Company <http://belstar.in>.

As per Section 135 of the Act, during the year 2020-21, the Company was required to spend an amount of ₹1.84 crore, equivalent to 2% of the 'average net profits' of the last three (3) financial years. As against this, your Company has spent an amount of ₹1.75 crore on CSR activities. The unspent amount of ₹ 0.09 crore towards ongoing projects has been transferred to a separate unspent CSR account to ensure that the scheduled CSR expenses are suitably spent in the following year.

The Annual Report on CSR activities as required under the Companies (CSR Policy) Rules 2014 is annexed to this report as "Annexure 3".

## **25. HUMAN RESOURCES MANAGEMENT & EMPLOYEE RELATIONS**

The role of human capital in any organization is of utmost importance. More so in an organization like ours where many employees are customer-facing to facilitate a smooth delivery of our financial services. The Company's staffing needs continued to increase during the year, particularly in the field force in line with the business growth, though at a reduced pace due to the pandemic. Being a rural focused operating network, the Company places significant focus on training its employees on a continuing basis, both at the time of induction as well as on the job and through refresher training programs conducted by internal and external faculty. Newer training modules especially on the soft skills and general management areas were developed and delivered. Policies relating to Human Resources are employee friendly and support an environment of accomplishment and satisfaction.

The Company aims to provide a suitable work environment that encourages a positive attitude and superior performance. In this Covid situation the Company has implemented technology-based Learning Management Solution.

The Company also facilitates performance-linked incentives that will help the motivational levels of the work force thereby sustaining growth and achieve targets.

## **26. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of Companies Act, 2013 read with Rule 5(1) of the Companies (Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this report as "Annexure 4".

## **27. CORPORATE GOVERNANCE**

Belstar's governance framework is driven by the objective of enhancing long term stakeholder value without compromising on ethical standards and corporate social responsibilities. Efficient corporate governance requires a clear understanding of the respective roles of the Board of Directors ("Board") and



of senior management and their relationships with others in the corporate structure. Sincerity, fairness, good citizenship and commitment to compliance are key characteristics that drive relationships of the Board and senior management with other stakeholders. Your Company believes in adopting best & transparent practices of corporate governance. Corporate governance principles are enshrined in the Spirit of Belstar, which form the core values of Fusion. These guiding principles are also articulated through the Company's code of business conduct, Corporate Governance guidelines & charter of various sub-committees.

A detailed report on the Company's commitment at adopting good Corporate Governance Practices is annexed to this report as "Annexure 5".

## **28. WHISTLE BLOWER POLICY OR VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES**

The Company has a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees in confirmation with Section 177(9) of the Act and Regulation 22 of Listing Regulations, to report concerns about unethical behavior. This Policy is available on the Company's website on [www.belstar.in](http://www.belstar.in).

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

The Company has 1103 women employees in various cadres as on March 31, 2021. The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and an Internal Complaints Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder for reporting and conducting inquiry into the complaints made by the victim on the harassments at the workplace. The functioning of the Committee was carried out as per letter and spirit of the provisions of the Act.

There was one (1) complaint received during FY 2020-21. The matter was referred to Prevention of Sexual Harassment Committee and based on the review and decision of the Committee, the case has been disposed off. There are no complaints pending for redressal as on March 31, 2021.

The following is a summary of sexual harassment complaints received and resolved during the year 2020-21.

- No. of Complaints received: 1
- No. of Complaints resolved: 1

## **30. ANNUAL RETURN**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2021 is available on the Company's website on [www.belstar.in](http://www.belstar.in)

## **31. PUBLIC DEPOSITS**

Your Company is registered with the RBI as a non-deposit taking NBFC- MFI. Your Directors hereby report that the Company has not accepted any public deposits during the year under review and it



continues to be a non-deposit taking non-banking financial company in conformity with the guidelines of the RBI.

### **32. 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 impacting the going concern status and Company's operations in future. Therefore, the disclosure under rule 8 (5)(vii) of Companies (Accounts) Rules, 2014, is not applicable to the Company.

### **33. DEBENTURE REDEMPTION RESERVE**

Your Company is not required to create Debenture Redemption Reserve in terms of the Companies (Share Capital and Debentures) Rules, 2014 read with the Companies (Share Capital and Debentures) Amendment Rules, 2019 as the Debentures of the Company are privately placed.

### **34. COMPLIANCE WITH RBI/ SRO/ OTHER LAWS**

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

The Company is a Non-Deposit taking Systemically Important Non-Banking Financial Company – Micro Finance Institution (ND-SI-NBFC-MFI) and is registered with RBI under Section 45 IA of RBI Act, 1934 (Registration No B-07-00792). The Company has complied with and continues to comply with all applicable Laws, Rules, Circulars, Regulations, etc. including Directions of RBI for a NBFCMFI and it does not carry on any activities other than those specifically permitted by RBI for NBFC-MFI.

The Company continues to be a member of the SRO- MFIN and strictly adheres to the Code of Conduct, standards, rules, and regulations as prescribed by the SRO from time to time.

### **35. FAIR PRACTICE CODE**

The Company has in place a Fair Practice Code (FPC) approved by the Board in compliance with the guidelines issued by RBI, to ensure better service and provide necessary information to customers to take informed decisions. The FPC is available on the website of the Company at [www.belstar.in](http://www.belstar.in).

The Board also reviews the FPC every year to ensure levels of adequacy and appropriateness.

### **36. CUSTOMER GRIEVANCE**

The Company has a dedicated Customer Grievance Cell for receiving and handling customer complaints/grievances and ensuring that the customers are always treated fairly and without any bias. All issues raised by the customers are dealt with courteously and redressed expeditiously.

### **37. GRATITUDE & ACKNOWLEDGEMENT**

The Directors wish to place on record their appreciation and sincerely acknowledge the contribution and support from Shareholders, Customers, Debenture Holders, Debenture Trustees, Reserve Bank of India,





Central and State Governments, Bankers, Financial Institutions, Registrar of Companies, Insurance partners, BSE Limited, Share Transfer Agents, Credit Rating Agencies and other Statutory and Regulatory.

Authorities for the kind cooperation and assistance provided to the Company. The Directors also extend their special appreciation to the employees for their continuing support and unstinting efforts in ensuring an excellent all-round operational performance and for their continued commitment, dedication and cooperation.

For and on behalf of the Board of Directors

Place : Chennai  
Date : July 23, 2021

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

Sd/  
**Mr. B Balakumaran**  
Director  
DIN: 09099182



# ANNEXURE TO DIRECTORS' REPORT

## ANNEXURE - I FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To  
The Members,  
Belstar Microfinance Limited  
(Previously known as Belstar Investment and Finance Private Limited and Belstar Microfinance Private Limited)  
CIN: U06599TN1988PLC081652  
New No. 33, Old No. 14, 48th Street,  
9th Avenue, Ashok Nagar, Chennai,  
Tamil Nadu - 600083

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Belstar Microfinance Limited** (Previously known as Belstar Investment and Finance Private Limited and Belstar Microfinance Private Limited) (CIN: U06599TN1988PLC081652) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Belstar Microfinance Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Belstar Microfinance Limited ("the Company") for the financial year ended on March 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA'), rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):



- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;<sup>1</sup>
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;1
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;<sup>2</sup>
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;<sup>3</sup>
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;1 and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;<sup>4</sup>
- (vi) Following other laws applicable specifically to the company:
- a) The Reserve Bank of India (RBI) Act, 1934;
  - b) The Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011 and other applicable Directions and rules issued by RBI from time to time.

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

- i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Uniform Listing Agreements entered into by the Company with Bombay Stock Exchange pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

### **We further report that**

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

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

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

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

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



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

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

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

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

1. Issue of Secured/Unsecured, Perpetual, Listed/Unlisted, Redeemable Non-Convertible Debentures up to an aggregate amount of Rs. 1,100 Crores on a Private Placement basis, during the period under review.
2. Redemption of 15,000 nos. of Secured, Rated, Listed, Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each, during the period under review.

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

For KSM Associates | Company Secretaries

Sd/

Place : Chennai  
Date : April 29, 2021

**Krishna Sharan Mishra**  
Partner  
FCS 6447; CP 7039  
UDIN: F006447C000205074





## ANNEXURE - A

To  
The Members,  
Belstar Microfinance Limited  
(Previously known as Belstar Investment and Finance Private Limited and Belstar Microfinance Private Limited)  
CIN: U06599TN1988PLC081652  
New No. 33, Old No. 14, 48th Street,  
9th Avenue, Ashok Nagar, Chennai,  
Tamil Nadu - 600083

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

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

For KSM Associates | Company Secretaries

Sd/

**Krishna Sharan Mishra**

Partner

FCS 6447; CP 7039

Place : Chennai  
Date : April 29, 2021



## ANNEXURE - II FORM NO. AOC.2

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

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

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

- (a) Name(s) of the related party and nature of relationship:
- (b) Nature of contracts/arrangements/transactions
- (c) Duration of the contracts/arrangements/transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value if any
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) Date(s) of approval by the Board
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

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

a) Name(s) of the related party and nature of relationship	Muthoot Securities Limited - Common Director
b) Nature of contracts/arrangements/transactions	Collection of Hospi Cash insurance premium
c) Duration of the contracts / arrangements/ transactions:	Ongoing, unless terminated by either of the party serving written notice
d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Belstar will collect premium amount towards the policy from the clients and transfer the whole amount collected at the end of the day to Muthoot Securities Ltd and charge commission there off
e) Amount paid as advances, if any:	Nil

Place : Chennai  
Date : July 23, 2021

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

Sd/  
**Mr. B Balakumaran**  
Director  
DIN: 09099182



## ANNEXURE - III

### 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 Company presently focusses on improving financial literacy amongst rural women, health awareness and vocational skills training programmes in the states, at pan India Level. The details of CSR activities undertaken during the financial year are in line with Schedule VII. 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 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. S Chandrasekar@	Whole-time Director	1	1
Mr. K Venkataraman	Independent Director	1	1
Mr.K R Bijimon	Non-Executive Director	1	1

@ Mr. S. Chandrasekar ceased to be member of CSR Committee after his cessation from the Board wef March 31, 2021.

#### 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.

Composition of the CSR committee shared above and is available on the Company's website on:

[www.belstar.in/governance-corporategovernance](http://www.belstar.in/governance-corporategovernance)

CSR Policy- [www.belstar.in/governance-policy](http://www.belstar.in/governance-policy)

CSR Projects: [www.belstar.in/investor-csr](http://www.belstar.in/investor-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

The average CSR obligation is less than ₹ 100 Million, hence this rule is not applicable.



**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any)**

S.No	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
-		NIL	NIL

**6. Average net profit of the company as per section 135(5)- ₹921.52 Million**

**7. Computation of CSR Obligation -**

- a) Two percent of average net profit of the company as per section 135(5) = ₹18.43 Million
- b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years = NIL
- c) Amount required to be set off for the financial year, if any = NIL
- d) Total CSR obligation for the financial year (7a+7b-7c) = ₹18.43 Million

**8. Details for Spent / Unspent for Completed / Ongoing CSR Projects:**

- a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹ Million)	Amount Unspent (in ₹ Million)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount. (in ₹ Million)	Date of transfer.	Name of the Fund	Amount (in ₹ Million)	Date of transfer
17.57	0.9	March 31, 2021	-	NIL	-

- (b) Details of CSR amount spent against ongoing projects for the financial year: Not applicable.







(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sl. No.	(2) Name of The Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the project.	(6) Amount spent for the project (₹ Million)	(7) Mode of implementation Direct (Yes/No)	(8) Mode of implementation -Through implementing agency.
			State.	District.			Name. CSR Registration Number.
1.	COVID support - supply of packets distribution	(i), (xii)	Yes	Tamil Nadu Salem, Vellore, Villupuram, Trichy, Madurai, Chengalpattu & Kanchipuram	2.57	Yes	-
2	Supporting entrepreneurship through Skill Training.	(ii)	Yes	Tamil Nadu Kanchipuram, Thiruvallur, Salem, Virudhunagar, Ranipet, Cuddalore Villupuram Chengalpattu, Ramanathapuram Indore, Udaipur and Sirohi Madhya Pradesh Pune Rajasthan Maharashtra	7.50	No	Hand in Hand India CSR00001853
3	Enhancing Technical Skills	(ii)	Yes	Tamil Nadu Kanchipuram, Villupuram, Namakkal, Chengalpattu Salem, Ramanathapuram Virudhunagar, Tiruvallur Cuddalore, Vellore Tiruppur, Coimbatore Pondicherry	1.63	No	Hand in Hand India CSR00001853
4	Sensitizing women on health and hygiene	(i)	Yes	Tamil Nadu Vellore, Ranipet, Chengalpattu Kanchipuram, Villupuram Namakkal, Pondicherry Cuddalore, Tiruvallur, Virudhunagar Tiruvallur	2.50	No	Hand in Hand India CSR00001853
5	Education of vulnerable children in challenging times	(i)	Yes	Tamil Nadu Tiruvallur	1.80	No	Hand in Hand India CSR00001853
6	Skilling of Women in Digital Literacy	(ii)	Yes	Tamil Nadu Tiruvallur, Ranipet, Chengalpattu, Kancheepuram, Villupuram, Namakkal Pondicherry, Cuddalore, Vellore, Tiruppur	0.70	No	Hand in Hand India CSR00001853
7	Skilling of Youth on Sales, Customer Relationship, and Microfinance loan products	(ii)	Yes	Tamil Nadu Ramanathapuram, Madurai, Theni, Tirunelveli Tenkasi, Thoothukudi, Virudhunagar Sivagangai, Trichy, Tiruvarur, Nagapattinam, Ariyalur, Cuddalore, Salem, Namakkal, Vellore, Kanchipuram, Chengalpattu	0.87	No	Hand in Hand India CSR00001853
<b>TOTAL</b>					<b>17.57</b>		

- (d) Amount spent in Administrative Overheads- NIL as the activities are done by implementing agency Hand in Hand India
- (e) Amount spent on Impact Assessment, if applicable: NIL
- (f) Total amount spent for the Financial Year (8b + 8c + 8d + 8e): ₹17.57 Million
- (g) Excess amount for set off, if any:

Sl.No.	Particular	Amount in (₹ Million)
(i)	Two percent of average net profit of the company as per section 135(5)	18.43
(ii)	Total amount spent for the Financial Year	17.57
(iii)	Excess amount spent for the financial year[(ii)-(I)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

#### 9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (₹ Million)	Amount spent in the Reporting Financial Year (₹ Million)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (₹ Million)
				Name of the Fund	Amount (₹ Million)	Date of transfer	
1.	FY 21	0.90	17.57	-	-	-	0.90
2.	FY 20	-	-	-	-	-	-
3.	FY 19	-	-	-	-	-	-
<b>TOTAL</b>		<b>0.90</b>	<b>17.57</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.90</b>

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

#### 10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)

- a) Date of creation or acquisition of the capital asset(s): None
- b) Amount of CSR spent for creation or acquisition of capital asset: NIL
- c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable
- d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable



**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5):**

Despite the turbulent business environment caused by the rapid spread of COVID-19 virus, the Company allocated 100% of its FY21 prescribed CSR budget, illustrating the Company's commitment towards CSR mandate. The lockdown caused delays in achieving project milestones for most CSR projects, thus disturbing the pay-out schedule planned for the year. The Company remains committed to honour its obligations towards the marginal shortfall in mandatory two percent spend on CSR initiatives.

Place : Chennai  
Date : July 23, 2021

Sd/  
**Mr. B Balakumaran**  
Chairman -CSR Committee  
DIN: 09099182

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



## ANNEXURE - IV

### Details of Managerial Remuneration as per Companies Act, 2013

1. Information in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

PARTICULARS	DISCLOSURES
i. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Managing Director: 45: 1
ii. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Increase in Remuneration: Managing Director : -10% Wholetime Director: -10% Chief Financial Officer: -10% Company Secretary: 18%
iii. The percentage increase in the median remuneration of employees in the financial year;	3%
iv. The number of permanent employees on the rolls of company as on 31 <sup>st</sup> March 2021;	4562
v. Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average increase in the salaries of employees was +2.36% and the average increase in the managerial remuneration was -8.36%%
vi. Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

2. Information in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(2)& (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: A statement showing the name of every employee of the Company, who –

a) If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One Crore Two Lakh rupees: 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 Eight Lakh Fifty Thousand rupees per month: Nil
- c) If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: Nil

Place : Chennai  
Date : July 23, 2021

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

Sd/  
**Mr. B Balakumaran**  
Director  
DIN: 09099182



## ANNEXURE - V

### CORPORATE GOVERNANCE REPORT

#### I. Company's Philosophy & Code of Governance

Corporate Governance is more than just adherence to the statutory and regulatory requirements. The Company's philosophy on Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and meeting its obligations to stakeholders and is guided by a strong emphasis on transparency, accountability, and integrity. The governance practices and processes ensure that the interest of all stakeholders is considered in a transparent manner and are firmly embedded into the culture of the organisation. It is equally about focusing on voluntary practices that underlie the highest levels of transparency & propriety. It is an integral element of Company's value system, management ethos and business practices. Good Corporate Governance is a continuing exercise, and the Company is committed to ensure the same by focusing on strategic and operational excellence in the overall interest of its all stakeholders.

Belstar Microfinance Limited ("Belstar") follows the highest standards of governance principles, given the profile of customers that the Company works with. This approach has helped the Company to weather the turbulent times that the MFI industry has faced from time to time. This approach has also demonstrated that the vulnerability to a financial crisis is reduced through acceptance of the Company's approach and practices by other stakeholders in the ecosystem in which the Company operates. It has also ensured sustained access to debt markets on a continuing basis.

At Belstar, we also consider it as our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company. We are committed to a balanced corporate governance system which provides the framework for attaining the Company's objectives encompassing practically every sphere of management from action plans and internal controls to corporate disclosure.

Belstar has an active, experienced and a well-informed Board. Through the governance mechanism in the Company, the Board along with its committees undertakes its fiduciary responsibilities towards all its stakeholders by encompassing best practices to support effective and ethical leadership, sustainability and good corporate citizenship. Corporate Governance has always been an integral element of the Company and your Company believes in sustainable corporate growth that emanates from the top management down through the Organization to the various stakeholders which is reflected in its sound financial system and enhanced market reputation.

Over the years, your company has complied with the Companies Act, 2013, SEBI Regulations, RBI Direction/ Circular, Ind AS(Accounting Standards), Secretarial Standards, etc. The Company believes that Corporate Governance is a tool to generate long term wealth and create values for all its stakeholders. The Company follows highest standards of Corporate Governance Practices which are driven by timely disclosures, transparent corporate policies and high levels of integrity in decision making. Strong governance practices have rewarded the company in the sphere of valuations, stakeholders' confidence, market capitalization and high credit ratings in positive context apart from obtaining of awards from appropriate authorities. The Company is committed to strengthen this approach through adoption of 'best in class' philosophy, systems and processes in the realm of governance.



## II. BOARD OF DIRECTORS

### A. Composition of Board

The Board of your Company comprises of combination of Executive, Non-Executive and Independent Directors. The Board is at the core of our corporate governance practice and oversees and ensures that the Management serves and protects the long-term interest of all our stakeholders. The company ` believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions.

The Board critically evaluates the Company's strategic direction, management policies and their effectiveness. The agenda for the Board reviews include strategic review from each of the Committees, a detailed analysis and review of annual strategic and operating plans, capital allocation and budgets. Additionally, the Board reviews related party transactions, possible risks and risk mitigation measures, financial and business reports. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for the Company's future growth.

The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably elevating the company's value creation. The Company has defined guidelines and an established framework for the meetings of the Board and committees. These guidelines seek to systematize the decision-making process at the meetings of the Board and committees in an informed and efficient manner.

The Board of Directors of your Company has an optimum combination of Executive and Non- Executive Directors in compliance with the requirements of Companies Act 2013 as amended time to time. As at March 31, 2021, the Board consists of Nine (09) Directors which is combination of One Executive (Managing Director) and Eight(8) Non-Executive Directors out of which Four (4) Directors are Independent Directors as mentioned in the table below. The Chairman of the Board is a Non-Executive and Independent Director.

Category	Name of the Directors
Executive Directors	Dr (Mrs)Kalpanaa Sankar, Managing Director
Non-Executive- Non-Independent Directors	Mr. KR Bijimon Mr. George Alexander Mr. George M Jacob Mr. David Arturo Paradiso
Non - Executive -Independent Directors	Mr. A Subramanian, Chairman Mr. K Venkataraman Mr. V A George Mr. Chinnasamy Ganesan



All Executive Directors are representing the promotor and all Non-Executive- Non-Independent Directors represent the Investors.

During the year under review Mr. S Chandrasekar (Din:02360909) Whole-time Director ceased as a Director upon expiry of his tenure as a Whole-time Director of the Company with effect from the closing hours of March 31,2021.

The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Section 149(6) of the Companies Act 2013. The terms and condition of appointment of Independent Director is available at the website of the Company [www.belstar.in](http://www.belstar.in)

All the Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs (IICA) as required under section 150 of the Act and the Rules made thereunder and completed line proficiency self-assessment test being conducted by IICA. The Independent Directors do not have any pecuniary relationship or transactions with the Company, Promoters and Management, which may affect independence or judgement of the Directors in any manner.

All the Directors have made necessary disclosures regarding their directorships required under section 184 of the Companies Act, 2013.

As per Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 and updated thereof from time to time, all the Fit and Proper criteria in the appointment of Directors are duly followed by the Board of Directors.

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he/she is a director. None of the Directors hold Directorship in more than Twenty Companies including ten Public Limited Companies or act as an Independent Director in more than Seven Listed Companies as on March 31, 2021 across all Public Limited Companies in which they are Directors. All the directors have disclosed their interest in other companies, directorship and membership of Committees and other positions held by them. The offices held by the directors are in compliance with the Companies Act, 2013 and the listing Regulations.

None of the Non-Executive Directors held any equity shares or convertible instruments of the Company during the financial year ended March 31, 2021.

## **B. Board meetings & attendance**

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that shareholders' long-term interests are being served. The Company's internal guidelines for Board / Committee meetings facilitate decision-making process at its meetings in an informed and efficient manner.

The dates for the Board meetings are fixed in advance after taking into account the convenience of all the Directors and sufficient notice, in terms of the applicable law, is given to all of them. All the agenda papers for the Board and Committee meetings are disseminated electronically on a real-time basis via e-





mail to all the Directors at least seven days in advance from the date of Board Meeting and Committee Meetings. During the year under review, few shorter notices meeting also convened as per the consent of all Board Members

The Company Secretary of the Company drafts the agenda for each meeting, along with explanatory notes, in consultation with the Managing Director and distributes the same in advance to the Directors and respective committee members. Every member of the Board/Committee can suggest the inclusion of additional items in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and on the occasion of the AGM. Additional meetings are held as and when necessary. The Board has unrestricted access to all Company-related information, including that of our employees. At Board meetings, managers and representatives who can provide additional insights into the items being discussed are invited.

At the Board Meeting the Managing Director and senior management make presentations on various matters including financial results, operation related issues, risk management, the economic and regulatory environment, compliance, investors' perceptions etc.

All the information required for decision making are incorporated in the agenda. The Board reviews the performance of the Company and sets the strategy for future. An Action Taken Report (ATR) on the decisions taken and matters discussed in the previous meeting is outlined and placed in the succeeding meeting of the Board/ Board Committee for their consideration/information and noting.

The Company actively uses the facility of videoconferencing permitted under Section 173(2) of the Companies Act, 2013 read together with Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014, thereby saving resources – cost to the Company and valued time of the Directors.

The Board has met four (4) times during this year: May 10, 2020, July 29, 2020, October 15, 2020, and January 29, 2021.

The maximum gap between any two consecutive meetings was less than one hundred and twenty days, as stipulated under section 173 of Companies Act 2013 and Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI). As per applicable laws, minimum four Board meetings are required to be held every year (one meeting in every calendar quarter). The requisite quorum was present for all the meetings.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships held by them in other Companies are given below.



Name of Directors	10/07/2020	29/07/2020	15/10/2020	29/01/2021	Held during their tenure (A)	Attended (B)	% of attendance (B/A)	Annual General Meeting 18/09/2020	No. of Directorships in other companies
Mr. A. Subramanian					4	4	100		Nil
Dr. (Mrs) Kalpanaa Sankar					4	4	100		2
Mr. S Chandrasekar @					4	4	100		Nil
Mr. KR Bijimon					4	4	100		9
Mr. George Alexander					4	4	100		17
Mr. George M Jacob					4	4	100		16
Mr. V A George					4	4	100		2
Mr. David Arturo Paradiso					4	2	50	No	2
Mr. K Venkataraman					4	4	100		1
Mr. Chinnasamy Ganesan					4	4	100		1

Attended through video conference

Leave of absence

@ Ceased to be a Director after his cessation from the Board wef March 31, 2021

Post Financial Year 2020-21 Mr. B Balakumaran was inducted as a Director wef April 29, 2021

### C. Meeting of Independent Directors

The Independent Directors of your Company met once during the year without the presence of Non-Independent Directors and members of the management. The meeting was conducted in an informal and flexible manner to enable the Independent Directors to, inter alia, discuss matters pertaining to review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company after taking into account the views of the Executive and Non-Executive Directors, assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### D. Information on Directors Appointment/ Re- appointment

Mr. K R Bijimon (DIN: 00023071) the Non-Executive Director of the company who retires by rotation in terms of Section 152 (6) of the Companies Act, 2013 at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

### E. Role of the Company Secretary in overall governance process

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. In terms of applicable laws Sunil Kumar Sahu, Company Secretary & Compliance Officer of the Company undertakes various responsibilities as stipulated under SEBI Guidelines, Companies Act, 2013, RBI Guidelines and other applicable laws. The Company Secretary ensures that all relevant information, details, and documents are made available to the Directors



and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board and Chairman in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and applicable Secretarial Standards, to provide guidance to Directors and to facilitate convening of meetings.

### III. COMPOSITION OF COMMITTEES OF BOARD

As on March 31, 2021 the Board has 7 (Seven) Committees viz., Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee Finance Committee, Capital Raise Committee and Stakeholders Relationship Committee.

The Board delegates power to these Committees from time to time. Our Board has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its Charter, which defines the scope, powers, and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board for information or approval as the case maybe. During the financial year, the Board has accepted the recommendations of Committees on matters where such a recommendation is mandatorily required. There have been no instances where such recommendations have not been considered.

The Committees of the Board meet at regular intervals and have the requisite subject expertise to handle and resolve matters expediently. The Board oversees the functioning of the Committees. The Chairman of the respective Committee briefs the Board on significant discussions and decision taken at their respective meetings. The minutes of the meetings of the Committees convened between two Board Meetings are placed before the Board at its next meeting for its information and confirmation.

The Company Secretary acts as a secretary to all the Committees of the Board. Detailed terms of reference, composition, meetings, and other information of each of the Committees of the Board are given herein below:

#### ❖ AUDIT COMMITTEE

The primary objective of the Audit Committee is to monitor and provide an effective supervision of the management's financial reporting process, to ensure accurate and timely disclosures, with the highest level of transparency, integrity, and quality of financial reporting.

The Audit Committee of the Company is constituted in line with the provisions of section 177 of the Companies Act, 2013, regulation 18 of the SEBI LODR and as per RBI Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01,2016, as amended from time to time. All the members of the Audit Committee are financially literate and possess high expertise in the fields of Finance, Taxation, Economics, Risk and International Finance.

The Chief Financial Officer, who is responsible for the finance function, the Head of Internal Audit and there presentative of the Statutory Auditors, are regularly invited to attend meetings of the Audit Committee.



## Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Companies Act, 2013 and Rules made thereunder as amended from time to time. The scope of the Committee broadly includes discussions with the auditors on periodical basis, the observations of the auditors, recommendation for appointment, review & monitor the auditor's independence, performance and effectiveness of audit process, remuneration & terms of appointment of auditors, evaluation of internal financial controls and risk management systems, examination of financial statements before submission to the Board, effective implementation of vigil mechanism of the Company, oversee compliance of internal control systems and such other functions as may be specifically assigned to it by the Board from time to time.

During the year, the company has changed the composition of the committee. As on March 31, 2021, the Audit Committee comprises Five (5) members and majority of which are Independent Directors.

The Audit Committee met four (4) times during the year: May 10, 2020, July 29, 2020, October 15, 2020, and January 29, 2021. The details of the attendance of the Directors at the Audit Committee meetings are given below:

Name of Directors	Chairman / Member	10/07/2020	29/07/2020	15/10/2020	29/01/2021	Held during their tenure (A)	Attended (B)	% of attendance (B/A)
Mr. Chinnasamy Ganesan	Chairman	NA				3	3	100
Mr. A. Subramanian	Member					4	4	100
Mr. V A George	Member					4	4	100
Mr. K Venkataraman	Member					4	4	100
Mr. KR Bijimon	Member					4	4	100
Mr. S Chandrasekar @	Member					4	4	100

Attended through video conference

@Ceased to be member of Audit Committee after his cessation from the Board wef March 31, 2021

Post Financial Year 2020-21 the Audit Committee was reconstituted on April 29, 2021, where Mr. B Balakumaran was inducted as a Committee member.

## ❖ NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors was constituted as per requirement of Section 178 of the Companies Act, 2013, Reserve Bank of India Master Direction and SEBI Listing Obligations and Disclosure Requirements Regulations, 2015. The detailed Nomination and remuneration committee charter is available in Company website [www.belstar.in](http://www.belstar.in).











### Brief Description of Terms of Reference:

The Nomination and Remuneration Committee has been vested with the authority to, inter alia, recommend nominations for Board membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company, establish criteria for selection of Board members with respect to competencies, qualifications, experience, track record, integrity, devise appropriate succession plans and determine overall compensation policies of the Company.

The scope of the Committee also includes review & decides on remuneration packages to the Executive Director(s), lay down performance parameters for the Chairperson & Managing Director, the Executive Director(s), Senior Management, Key Managerial Personnel etc. and review the same.

In addition to the above, the Committee's role includes identifying persons who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal. The Committee also formulates the criteria for determining qualifications, positive attributes and independence of a Director and recommends to the Board periodically, policies relating to the remuneration of the Directors, Key Managerial Personnel and other Employees.

During the year, the company has changed the composition of the committee. As on March 31, 2021, the Nomination and Remuneration Committee comprises three(3) members and majority of which are Independent Directors. Nomination and Remuneration Committee met thrice during the year, on August 07, 2020 and December 29, 2020. The details of the attendance of the Directors at the Nomination and Remuneration Committee meetings are given below.

Name of Directors	Chairman / Member	07/08/2020	29/12/2020	Held during their tenure (A)	Attended (B)	% of attendance (B/A)
Mr. V A George	Chairman			2	2	100
Mr. A. Subramanian	Member			2	2	100
Mr. George M Jacob	Member			2	2	100

 Attended through video conference       Attended in person

### ❖ CORPORATE SOCIAL RESPONSIBILITY(CSR) COMMITTEE

Corporate Social Responsibility Committee is constituted as per Section 135 of the Companies Act 2013. The CSR Committee monitors the overall CSR Activities of the Company.

### Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The terms of reference of the Committee includes to formulate and recommend to the Board CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, to recommend the amount of expenditure to be incurred on the CSR activities and to institute a transparent monitoring mechanism for implementation of the CSR activities.



As on March 31, 2021, the CSR Committee comprises Two (2) members. The CSR Committee met once during the year on June 08, 2020. The details of the attendance of the Directors at the CSR Committee meetings are given below.

Name of Directors	Chairman / Member	08/06/2020	Held during their tenure (A)	Attended (B)	% of attendance (B/A)
Mr. S Chandrasekar @	Chairman		1	1	100
Mr. K Venkataraman	Member		1	1	100
Mr. KR Bijimon	Member		1	1	100

Attended through video conference

@Ceased to be member of CSR Committee after his cessation from the Board wef March 31, 2021

Post Financial Year 2020-21 the CSR Committee was reconstituted on April 29, 2021, where Mr. B Balakumaran was inducted as a Committee member (Chairman)

#### ❖ RISK MANAGEMENT COMMITTEE

The Risk Management Committee was constituted in accordance with Reserve Bank India Master Direction which monitors the risk management strategy of the Company. In order to ensure best governance practices, the Company has established risk management process for each line of its business and operations. These processes have been implemented through the specific policies adopted by the Board of Directors of the Company from time to time. Nevertheless, entire processes are subjected to robust independent internal audit review to arrest any potential risks and take corrective actions.

#### Brief Description of Terms of Reference:

The terms of reference of the Committee includes approval and monitoring of the Company's risk management policies and procedures, review of portfolio & its delinquency at a product level, approval and review of the Non-Performing Asset Management policy, reporting to the Board of Directors of the Company on periodical basis on the various matters and review of Risk assessment of Information Technology systems.

During the year, the company has changed the composition of the committee. As on March 31, 2021, the Risk Management Committee comprises Three (3) members. The Risk Management Committee met twice during the year on December 28, 2020 and March 22, 2021. The details of the attendance of the Directors at the Risk Management Committee meetings are given below:

Name of Directors	Chairman / Member	28/12/2020	23/03/2021	Held during their tenure (A)	Attended (B)	% of attendance (B/A)
Mr. K Venkataraman	Chairman			2	2	100
Dr. (Mrs) Kalpanaa Sankar	Member			2	2	100
Mr. George Alexander	Member			2	2	100
Mr. S Chandrasekar @	Member			2	2	100

Attended through video conference



@Ceased to be member of Risk management Committee after his cessation from the Board wef March 31, 2021

Post Financial Year 2020-21 the Risk Management Committee was reconstituted on April 29, 2021, where Mr.B Balakumaran was inducted as a Committee member.

#### ❖ FINANCE COMMITTEE

The main terms of reference of the Finance Committee are as below:

- To review and approve the loan facilities (on-balance sheet and/or off-balance sheet) and borrowings from various Banks and Financial Institutions including NBFC's as per the limit fixed by the shareholders from time to time.
- To avail Financial Assistance by way of assignment/ Securitization of receivables from Banks and Financial Institutions including NBFC's.
- To finalize the terms and conditions of issue of the debentures, after approval of issue of debentures by the Board
- To issue offer letter to debenture holders
- To allot the Debentures to the debenture holders

The Finance Committee met 23 (Twenty Three) times during the year: June 09, 2020, June 16, 2020, June 17, 2020, June 24, 2020, June 30, 2020, July 09, 2020, August 25, 2020, September 02, 2020, September 11, 2020, September 25, 2020, September 30, 2020, November 11, 2020, November 13, 2020, November 30, 2020, December 03, 2020, December 15, 2020, December 23, 2020, December 30, 2020, January 21, 2021, February 19, 2021, March 05, 2021, March 23, 2021, and March 30, 2021. The details of the attendance of the Directors at the Finance Committee meetings are given below.

Name of Directors	Chairman / Member	Held during their tenure (A)	Attended (B)	% of attendance (B/A)
Dr. (Mrs) Kalpanaa Sankar	Chairperson	23	23	100
Mr. S Chandrasekar @	Member	23	23	100

@Ceased to be member of the Finance Committee after his cessation from the Board wef March 31, 2021

- ❖ Post Financial Year 2020-21 the Finance Committee was reconstituted on April 29, 2021, where Mr.B Balakumaran was inducted as a Committee member.

#### ❖ STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholder Relationship Committee of the Board of Directors was constituted as per requirement of Section 178 of the Companies Act, 2013,

#### Brief Description of Terms of Reference:

The key responsibilities of the Stakeholders Relationship Committee are to consider and resolve the grievances of the security holders of the Company such as complaints related to transfer of shares/debentures/ bonds, non-receipt of balance sheet, non-receipt of interest/ declared dividends annual report etc.



During the year under review the company did not receive any complaints, hence the Committee did not meet. As on March 31, 2021, the Stakeholder Relationship Committee comprises Two (2) members.






SNO	NAME OF DIRECTOR	DESIGNATION/CATEGORY
1	Mr. KR Bijimon	Chairman (Non-Executive Director)
2.	Dr (Mrs.) Kalpana Sankar	Member (Managing Director)
3	Mr. S Chandrasekar@	Member (Wholetime Director)

@ceased to be member of Stake holder Relationship Committee after his cessation from the Board wef March 31, 2021.

Post Financial Year 2020-21 the Stake holder Relationship Committee was reconstituted on April 29, 2021, where Mr.B Balakumaran was inducted as a Committee member.

#### ❖ CAPITAL RAISE COMMITTEE

The Capital Raise Committee was constituted specifically to address all matters relating to Equity-raise of the Company. The Committee met once during the year on February 03, 2021. The details of the attendance of the Directors at the Capital Raise Committee meetings are given below:

Name of Directors	Chairman / Member	03/02/2021	Held during their tenure (A)	Attended (B)	% of attendance (B/A)
Mr. V A George	Chairman		1	1	100
Mr. K Venkataraman	Member		1	1	100
Dr. (Mrs) Kalpanaa Sankar	Member		1	1	100
Mr. KR Bijimon	Member		1	1	100
Mr. David Arturo Paradiso	Member		1	1	100

#### ❖ OTHER COMMITTEES

Other than the above-mentioned Board Committees, the company is having the following non-Board level committees where Managing Director, Promoter Representative Director are members of the Committees along with other senior executives of the Company.

- **Asset Liability Management Committee (ALCO)**

As per the Reserve Bank of India Master Direction on Non-Banking Financial Company -Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Asset Liability Committee was formed to oversee the implementation of Asset Liability Management system and review its functioning periodically.

Managing Director is the Chairperson, and the Committee meets at least once in a month. The promoter representative Director, Chief Financial Officer, Dy Chief Financial Officer and General Manager Finance are the members of the Committee.





## Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The key responsibilities of the Committee include review & management of liquidity gaps and structural liquidity of the Company, review & management of interest rate sensitivity of the Company and develop a view on future direction on interest rate movements & decide on funding mixes.

- **Information Technology Strategy(IT) Strategy Committee**

The functions of the IT Strategy Committee include approval of IT strategies and policy documents to ascertain whether the company's management has implemented processes / practices which ensure that IT delivers value to business, that the budgets allocated vis-à-vis IT investments are commensurate, monitor methods adopted to ascertain the IT resources needed to achieve strategic goals of the Company and to provide high-level directions for the sourcing and use of IT resources.

Mr. K Venkataraman is the Chairman of the committee along with Managing Director, Chief Technology Officer and Deputy Chief Technology Officer as members. During the year under review the committee met once on June 03, 2020.

For better corporate governance the Board vide its meeting held on April 29, 2021 had re-constituted the IT Strategy Committee of the Board as per the provisions of RBI Master Direction No. RBI/DNBS/2016-17/53 DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 pertaining to "Information Technology Framework for the NBFC Sector".

The composition of IT Strategy Committee is as follows:

S No.	Name of Director	Designation
1	Mr. K. Venkataraman	Non-Executive Independent Director (Chairman)
2	Dr. Kalpanaa Sankar	Managing Director
3	Mr. George Alexander	Non-Executive Director
4	Mr George M Jacob	Non-Executive Director

## IV. PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND DIRECTORS

The Companies Act 2013 stipulates the performance evaluation of the Directors including Chairperson, Board and its Committees. The Nomination and Remuneration Committee is empowered by the Board to carry out the entire performance evaluation process. The Company has devised a process and criteria for the performance evaluation which has been recommended by the Nomination and Remuneration Committee (NRC) and approved by the Board.

The evaluations for the Directors and the Board are conducted through separate structured questionnaires, one each for Independent, Non-Executive Directors, Executive Directors, Board as whole and Committees of the Board. A separate exercise was carried out to evaluate the performance of all Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution; knowledge, skill and understanding of the areas which are relevant to them in their capacity as members of the Board; independence of judgement; adherence to the code of conduct,



etc. Feedback was sought by well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, etc. The performance evaluation of each Independent Director was carried out by the entire Board, excluding the Independent Director concerned. The performance evaluation of the Non-Executive Directors was carried out by the Independent Director. A member of the Board will not participate in the discussion of his/her evaluation.

## V. REMUNERATION OF DIRECTORS

### A. Executive Directors

The disclosure in respect of remuneration paid/payable to Managing Director/Whole Time Director of the Company for the financial year 2020-2021 is given below:

SI. No.	Particulars of Remuneration	Dr. Kalpanaa Sankar Managing Director (Rs.)	Mr. Sitaraman Chandrasekar Whole time Director@ (Rs.)
1	Salary as per provisions of section 17(1) of the Income-tax Act, 1961	93,16,800	41,04,900
2	Perquisites	-	-
3	Ex gratia	-	7,60,000
	<b>Total (A)</b>	<b>93,16,800</b>	<b>48,64,900</b>
	<b>Ceiling as per the Act</b>	As per Limits under Schedule V of Companies Act 2013	

@ ceased from the Board wef March 31,2021

The criteria for making payments to the Managing Director/ Wholetime Director were:

- Salary and Incentive as recommended by the Nomination and Remuneration Committee and approved by the Board.
- Perquisites and performance pay are also paid/ provided in accordance with the Company's compensation policies, as applicable to all employees and the relevant legal provisions.
- Remuneration is determined keeping in view the industry benchmarks.

### B. Non- Executive Directors

The Non-Executive Directors are not paid any remuneration other than the sitting fee for attending meetings of the Board and the committees thereof as approved by the Board. The sitting fees as determined by the Board for attending meetings of the Board, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and CSR committee are within the limits prescribed under the Companies Act, 2013. The details of sitting fees paid to Non - Executive Independent Directors for attending the meeting the Board and relevant Committees during the Financial Year 2020-21 are as under:



Name of the Director	Sitting Fees Paid (Rs)		Total (Rs.)
	Board Meeting	Committee Meeting	
Mr. A Subramanian	3,20,000	4,00,000	7,20,000
Mr. V A George	3,20,000	4,00,000	7,20,000
Mr. K Venkataraman	3,20,000	4,40,000	7,60,000
Mr. Chinnasamy Ganesan	3,20,000	2,40,000	5,60,000
Mr. KR Bijimon	3,20,000	3,60,000	6,80,000
Mr. George Alexander	3,20,000	80,000	4,00,000
Mr. George M Jacob	3,20,000	80,000	4,00,000
Mr. David Arturo Paradiso*	Nil	Nil	Nil

\* Mr. David Arturo Paradiso has negated his sitting fees for attending Board Meetings.

## VI. GENERAL BODY MEETINGS

The details of the Annual General Meetings (AGM)/Extra Ordinary General Meetings (EGM) of the Company held in the last three years are as follows:

Financial Year	AGM/EGM	Venue	Date & Time	No. of Special Resolutions Passed
2019-20	32 <sup>nd</sup> AGM	At Registered Office of the Company Held through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”)	September 18, 2020, at 2.45 P.M	0
	1 <sup>st</sup> EGM for the FY 2019-20	Corporate Office of the Company	December 05, 2019, at 2.00 P.M	3
	2 <sup>nd</sup> EGM for the FY 2019-20		March 14, 2020 at 2.00 P.M	2
2018-19	31 <sup>st</sup> AGM	Registered Office of the Company	September 23, 2019 at 02.30 P.M	6
	1 <sup>st</sup> EGM for the FY 2019-20		June 29, 2018 at 12.00 P.M	3
2017-18	30 <sup>th</sup> AGM	Registered Office of the Company	August 18, 2018 at 2.00 P.M	7
	1 <sup>st</sup> EGM for the FY 2017-18		November 29, 2017 at 11.30 A.M	2

During the Financial Year 2020-2021, no Extra-Ordinary General meeting of the Company was held.

## VII. POSTAL BALLOT

No Postal Ballot was conducted during the financial year 2020-21 .

There is no immediate proposal for passing any resolution through Postal Ballot. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing of resolution through Postal Ballot.



## VIII. DISCLOSURES

### A. Related Party Transactions

All transactions or arrangements with related parties referred to in Section 188 (1) of the Act, entered into during the year were on arm's length basis or were in ordinary course of business or with approval of the Audit Committee. The Board has formulated a policy on related party transactions, which is displayed on the web site of the Company at [www.belstar.in](http://www.belstar.in). During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Unanimous approvals granted by Audit Committee are for transactions which are of repetitive nature and are in compliance of Companies Act 2013.

In the opinion of the Board of Directors, none of the transactions of the Company entered into with the related parties were in conflict with the interests of the Company. Further, there were no material related party transactions which required approval of shareholders as required under Companies Act 2013.

### B. Statutory Compliance, Penalties and Strictures

The Company has complied with requirements of the Bombay Stock Exchange, SEBI and other statutory authorities on all matters relating to capital markets during the year. There have been no instances of non-compliance by the Company and no penalties and/or strictures have been imposed on it by Stock Exchange or SEBI or any Statutory Authority on any matter related to the capital markets since listing.

### C. Vigil Mechanism and Whistle Blower Policy

As per Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014. The Company has adopted the Whistle-blower Policy pursuant to which employees of the Company can raise their concerns relating to malpractices, inappropriate use of funds or any other activity or event which is against the interest of the Company. There is a graded reporting structure under the Policy and also provides provision for direct access to Chairman of Audit Committee. The details of the Policy are available on the Company's website <https://www.belstar.in/governance>. Your Company affirms that no employee has been denied access to the Audit Committee and top Management of the Company. There are no complaints received during the year.

### D. Compliance with Mandatory & Non-Mandatory Requirements

The Company has complied with all the mandatory and major non-mandatory requirements of the SEBI Listing Regulations relating to Corporate Governance, to the extent applicable to the Company. There have been no instances of non-compliance by the Company on any matters related to Labour Law, RBI, MCA, Income Tax and GST, and other applicable Acts.

### E. Code of Conduct

All the members of the Board and Senior Management personnel have affirmed compliance with the Code of Conduct. A declaration to this effect by the Managing Director is given as Annexure A to this report. The Code is displayed on the web site of the Company at <https://www.belstar.in/governance>





## F. Adherence to Accounting Standards

The Company has complied with the applicable Indian Accounting Standards (Ind-AS) notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013. The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

## G. Secretarial Standards

The Company has complied with the applicable provisions of secretarial standards issued by The Institute of Company Secretaries of India.

## H. CEO/CFO Certification

The Managing Director and CFO have certified to the Board in accordance with SEBI LODR pertaining to the CEO/CFO Certification for the financial year ended March 31, 2021. The same is annexed as Annexure B to this report.

## IX. MEANS OF COMMUNICATION

The half yearly and annual results were published in leading national dailies. The Company is also maintaining a functional website [www.belstar.in](http://www.belstar.in) wherein all the communications are updated including the quarterly financial results of the Company. The Annual reports containing the Audited Annual Accounts, Auditors' Reports, Boards' Report, the Management Discussion and Analysis Report forming part of Boards' Report and other material information are circulated to the members and others entitled thereto. Annual Reports of the Company are emailed to all the shareholders. All the disclosures and communications to be filed with the Stock Exchanges were submitted through e-filing platform/email and there were no instances of non-compliances.

During the year Company published following information:

Financial Results	News paper	Date of Publication
Audited Financial Results for the year ended March 31, 2020	Business Standard	May 13, 2020
Unaudited Results for the Half Year ended on September 30, 2020 with Limited Review Report		October 16, 2020

## X. GENERAL SHAREHOLDERS INFORMATION

### A. Company Registration Details

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



## B. Investor Grievances

Mr. Sunil Kumar Sahu Company Secretary of the Company is the Compliance Officer for the purpose of the SEBI Listing Regulations.

There were no investor complaints pending as at March 31, 2021.

## C. Dematerialization of Shares

It has been noted that all shares are in dematerialized mode as on March 31, 2021.

## D. Distribution of Shareholding as on March 31, 2021

Category	No of Shares	%
Promoters and Promoter Group Holding	71,07,743	18.94
Investors	3,04,12,781	81.06
<b>Total</b>	<b>3,7520,524</b>	<b>100</b>

- E. Annual General Meeting : September 29, 2021
- F. Financial Year : April 01, 2020 to March 31, 2021
- G. Address of Correspondence
- Registered Office : Belstar Microfinance Limited  
New No.33, Old No. 14, 48th Street  
9th Avenue, Ashok Nagar  
Chennai – 600 083
  - Corporate Office : Belstar Microfinance Limited  
MV Square, No. 4/14 Soundara Pandian Street,  
Ashok Nagar, Chennai - 600 083
- H. Stock exchange where the NCDs are listed : Wholesale Debt Market Segment (WDM) of Bombay Stock Exchange, PhirozeJeejeeboy Towers, Dalal Street, Mumbai-400001

## I. Debenture Trustee Details:

- IDBI Trusteeship Services Limited**  
Asian Building, Ground Floor, 17. R. Kamani Marg Ballard Estate Mumbai Maharashtra - 400 001, Phone: +91 022 40807000  
Name of the Contact Person: Swapneil Tiwari (Manager legal & operation)
- Vistra ITCL (India) Limited**  
The IL&FS Financial Center, Plot No. C-22, G Block, 7th Floor,  
Bandra Kurla Complex, Bandra (East), Mumbai 400051, Tel: +91 2226593662  
Name of the Contact Person: Prakash Barua (Assistant Manager)
- Beacon Trusteeship Ltd**  
4 C & D, Siddhivinayak Chambers, Gandhi Nagar, Bandra (E),  
Mumbai - 400051, T +91 (0)22 2655 8759  
Name of the Contact Person: Mr. Nikhil Pradhan (Sr. Manager – Operations)



## J. Registrar and Share Transfer Agent Details

In pursuance of Regulation 7(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all activities in relation to electronic mode with respect to Non-convertible debentures(NCDs) facility are maintained by our Registrar & Transfer Agent (RTA) i.e. Integrated Registry Management Services Private Limited, having SEBI Registration No. INR000000544.

In case of NCDs held in electronic form, the transfers are processed by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through their respective Depository Participants. Details of RTA are as under:

**Integrated Registry Management Services Private Limited**  
**CIN: U74900TN2015PTC101466**  
**2nd Floor, Kences Towers, No.1, Ramakrishna Street,**  
**Off: North Usman Road, T.Nagar, Chennai- 600 017**  
**Name of Contact Person: Mr Suresh Babu K, Director**  
**Email id: corpserv@integratedindia.in, Phone: 044-28140801**

## K. 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.



## ANNEXURE - A

Declaration regarding compliance by Board Members and Senior Management personnel with the Company's Code of Conduct

This is to confirm that the Company has adopted a Code of Conduct for the Members of its Board and its Senior Management Personnel. I confirm that the Company has, in respect of the financial year ended March 31, 2021, received from the Members of the Board and Senior Management team of the Company, a declaration on compliance with the Code of Conduct as applicable to them.

Place: Chennai  
Date: July 23, 2021

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





## ANNEXURE - B

### MD/CFO CERTIFICATE

The Board of Directors  
Belstar Microfinance Limited  
Old No.14, New No.33,  
48<sup>th</sup> Street, 9<sup>th</sup> Avenue,  
Ashok Nagar,  
Chennai – 600 083.

This is to certify that:

1. We have reviewed the Financial statements and the cash flow statement for the year ended March 31, 2021, and that to the best of our knowledge and belief:
  - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) These statements, together with the notes attached thereto, present a true and fair view of the Company's affairs and are in compliance with “Ind AS”, applicable laws and regulations.
2. To the best of our knowledge and belief, the Company has not entered into any fraudulent or illegal transactions.
3. 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.
4. We have indicated to the Auditors and the Audit Committee:
  - a) Significant changes in internal control over financial reporting during the year;
  - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Chennai  
Date: April 29, 2021

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

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





# Financial Statements

# Independent Auditor's Report

To The Members of Belstar Microfinance Limited  
(Formerly known as Belstar Investment and Finance Private Limited)

## Report on the Standalone Financial Statements

### Opinion

We have audited the accompanying Standalone Financial Statements of **Belstar Microfinance Limited** (Formerly known as Belstar Investment and Finance Private Limited) ("the Company"), comprising of the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act 2013, ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis of Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing ("SA's") issued by the ICAI, as 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 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 (ICAI) together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the Financial Statements and our auditor's report thereon.

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 and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## Management's Responsibility for the Audit of Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India.

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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibility for 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 of the current period 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 (Auditors Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 & 4 of the Order:
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 Cash Flow Statement and Statement of Changes in Equity 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 prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- I. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements;
  - ii. Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For N. Sankaran & Co**  
Chartered Accountants  
(Firm's Registration No.003590S)

Sd/  
**M N Prabhakar**  
Partner  
(Membership No. 207188)  
UDIN:21207188AAAABY5121

Place: Chennai  
Date: April 29, 2021



**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 (FORMERLY KNOWN AS BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED), FOR THE YEAR ENDED MARCH 31, 2021**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Financial Statements of the Company and taking into consideration the information and explanation given to us and the books of accounts and other records examined by us in the normal course of the audit, and to the best of our knowledge and belief, we report that

- i. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the books/records and the physical fixed assets have been noticed. The title deeds of immovable properties are held in the name of the company.

- ii. The Company is a Non-Banking Finance Company (NBFC), primarily engaged in financing activities and it does not hold any physical inventories. Accordingly, clause 3(ii) of the order is not applicable.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act.
- iv. The clause regarding loans, Investments and Guarantees and security as per provisions of section 185 and 186 of the Companies Act, 2013 not applicable to the Company.
- v. In our opinion, the Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the order are not applicable.
- vi. The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013. Accordingly, provisions of clause 3(vi) of the order is not applicable to the Company.
- vii. The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Goods & Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.

There are no undisputed amounts payable in respect of the above as at March 31, 2021 for a period of more than six months from the date on when they become payable.

There are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax and cess outstanding as at March 31, 2021 on account of any dispute except as given below.



Name of the Statute	Nature of dues	Amount (Rs.)	Amount paid under protest (Rs.)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	7,31,48,474	-	AY 2017-18	Commissioner of Income Tax (Appeals)

- viii. The Company has not defaulted in the repayment of dues to banks and Financial Institutions, debenture holders.
- ix. Moneys raised by way debt instruments and term loans were applied for the purposes for which those are raised. The Company did not raise moneys by way of initial public offer or further public offer.
- x. To the best of our knowledge and according to the information and explanations given to us, the Company has noticed and reported fraud in the nature of cash defalcation by Officers/Employees amounting to Rs. 12,17,272 during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company's status for the year is Public Company and has accordingly paid/provided managerial remuneration as per provisions of Section 197 of the Act read with Schedule V of Companies Act, 2013.
- xii. The Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii. In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures during the financial year ended March 31, 2021 and hence reporting under clause 3(xiv) of the order is not applicable to the company.
- xv. In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- xvi. The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the same has been complied with.

**For N. Sankaran & Co**  
Chartered Accountants  
(Firm's Registration No.003590S)

Sd/  
**M N Prabhakar**  
Partner  
(Membership No. 207188)  
UDIN:21207188AAAABY5121

Place: Chennai  
Date: April 29, 2021



## **ANNEXURE “B” REFERRED TO IN PARAGRAPH 2(F) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR AUDITOR'S REPORT TO OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BELSTAR MICROFINANCE LIMITED (FORMERLY KNOWN AS BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED) FOR THE YEAR ENDED MARCH 31,2021**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Belstar Microfinance Limited (“the Company”) as of March 31, 2021 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 control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 respective 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 Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

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



## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For N. Sankaran & Co**  
Chartered Accountants  
(Firm's Registration No.003590S)

Sd/  
**M N Prabhakar**  
Partner  
(Membership No. 207188)  
UDIN:21207188AAAABY5121

Place: Chennai  
Date: April 29, 2021





## Balance Sheet as at March 31, 2021

(Rs. In millions)

Particulars	Notes	As at Mar 31, 2021	As at Mar 31, 2020
<b>I Assets</b>			
<b>1 Financial Assets</b>			
a) Cash and cash equivalents	6	4,521.23	1,719.28
b) Bank Balance other than (a) above	7	1,256.62	1,423.79
c) Receivables			
i) Trade Receivables	8	3.14	1.60
ii) Other Receivables		-	-
d) Loans	9	27,837.47	20,888.68
e) Investments		-	-
f) Other Financial assets	10	625.47	872.5
<b>2 Non-financial Assets</b>			
a) Current tax assets (Net)		-	5.88
b) Deferred tax assets (Net)	36	195.84	46.52
c) Investment Property	11	1.10	1.10
d) Property, Plant and Equipment	12	35.76	53.73
e) Right-of-use assets	13	72.89	91.89
f) Other Intangible assets	14	13.31	13.09
g) Intangible assets under development		0.55	-
g) Other non financial assets	15	109.50	70.27
<b>Total Assets</b>		<b>34,672.88</b>	<b>25,187.88</b>
<b>II. LIABILITIES AND EQUITY</b>			
<b>1. Financial Liabilities</b>			
a) Derivative financial instruments		-	-
b) Payables			
(I) Trade Payables		-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		5.73	-
(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		2.31	-
c) Debt Securities	16	5,284.95	369.90
d) Borrowings (other than debt securities)	17	21,032.99	17,541.68
e) Subordinated Liabilities	18	1,638.42	1,044.09
f) Other Financial liabilities	19	1,051.27	975.52
<b>2. Non-financial Liabilities</b>			
a) Current tax liabilities (net)		20.34	-
b) Provisions	20	50.97	58.07
c) Other non-financial liabilities	21	168.74	220.34
<b>3. Equity</b>			
a) Equity share capital	22	375.21	375.21
b) Other equity	23	5,041.95	4,603.07
<b>Total Liabilities and Equity</b>		<b>34,672.88</b>	<b>25,187.88</b>

Notes on accounts form part of final accounts  
As per our Report of even date attached

**For M/s. N. Sankaran & Co**

Chartered Accountants

Firm Regn. No 003590S

Sd/

**M N Prabhakar**

Partner

M.No. 207188

Place : Chennai

Date : April 29, 2021

For and on behalf of Board of Directors

Sd/

**Dr. Kalpanaa Sankar**

Managing Director

(DIN. 01926545)

Sd/

**L. Muralidharan**

Chief Financial Officer

Sd/

**B. Balakumaran**

Director

(DIN. 09099182)

Sd/

**Sunil Kumar Sahu**

Company Secretary



## Statement of Profit and Loss for the year ended March 31, 2021

(Rs. In millions)

Particulars	Notes	for the year ended Mar 31, 2021	for the year ended Mar 31, 2020
<b>Revenue from operations</b>			
(i) Interest income	26	5,442.37	4,649.45
(ii) Sale of services	27	28.15	10.64
(iii) Net gain on fair value changes on investments	28	13.84	66.75
(iv) Net gain on derecognition of financial instruments		31.86	266.76
<b>(I) Total Revenue from operations</b>		<b>5,516.22</b>	<b>4,993.60</b>
(II) Other Income	29	15.37	13.87
<b>(III) Total Income (I + II)</b>		<b>5,531.59</b>	<b>5,007.47</b>
<b>Expenses</b>			
(i) Finance cost	30	2,344.55	1,821.85
(ii) Fee and commission expenses		129.03	99.07
(iii) Impairment of financial instruments	31	807.55	229.50
(iv) Employee benefit expenses	32	1,217.65	1,050.93
(v) Depreciation, amortization and impairment	33	92.55	90.80
(vi) Other expenses	34	370.14	382.87
<b>(IV) Total Expenses</b>		<b>4,961.47</b>	<b>3,675.02</b>
<b>(V) Profit/(loss) before tax (III - IV)</b>		<b>570.12</b>	<b>1,332.45</b>
<b>(VI) Tax Expense:</b>			
(i) Current tax	35	261.36	291.45
(ii) Deferred tax charge/ (credit)	36	(150.50)	51.01
(iii) Earlier years adjustments		(7.25)	-
<b>(VII) Profit/(loss) for the period (V-VI)</b>		<b>466.51</b>	<b>989.99</b>
<b>(VIII) Other Comprehensive Income</b>			
<b>A) Items that will not be classified to profit or loss</b>			
(i) Remeasurement gain/ (loss) of defined benefit plans		2.99	(1.28)
(ii) Tax impact thereon		(0.75)	0.32
<b>Subtotal (A)</b>		<b>2.24</b>	<b>(0.96)</b>
<b>B) Items that will be classified to profit or loss</b>			
(i) Fair value gain/ (loss) on debt instruments measured at FVOCI		(9.84)	(0.25)
(ii) Tax impact thereon		2.48	0.06
<b>Subtotal (B)</b>		<b>(7.36)</b>	<b>(0.19)</b>
<b>Other Comprehensive Income (A + B)</b>		<b>(5.12)</b>	<b>(1.15)</b>
<b>(IX) Total Comprehensive Income for the period (VII+ VIII)</b>		<b>461.39</b>	<b>988.84</b>
<b>(X) Earnings per equity share</b>			
Basic (Rs.)	37	12.43	26.39
Diluted (Rs.)		12.43	26.39

Notes on accounts form part of final accounts  
As per our Report of even date attached

For and on behalf of the Board of Directors

**For M/s. N. Sankaran & Co**

Chartered Accountants  
Firm Regn. No 003590S

Sd/

**M N Prabhakar**

Partner  
M.No. 207188

Sd/

**Dr. Kalpanaa Sankar**

Managing Director  
(DIN. 01926545)

Sd/

**L. Muralidharan**

Chief Financial Officer

Sd/

**B. Balakumaran**

Director  
(DIN. 09099182)

Sd/

**Sunil Kumar Sahu**

Company Secretary

Place : Chennai

Date : April 29, 2021



## Statement of changes in Equity for the year ended March 31, 2021

### a. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid

	No. in millions	Rs. in millions
As at April 01, 2019	37.52	375.21
Issued during the year	-	-
As at March 31, 2020	37.52	375.21
Issued during the year	-	-
As at March 31, 2021	37.52	375.21

### b. Other Equity

(Rs. In millions)

Particulars	Reserves and Surplus						Total
	Statutory Reserve	Securities Premium Account	Capital redemption reserve	General Reserve	Retained Earnings	Other comprehensive income	
<b>Balance as at April 01, 2019</b>	<b>264.58</b>	<b>2,384.99</b>	-	<b>0.01</b>	<b>964.01</b>	<b>12.96</b>	<b>3,626.55</b>
Dividends including tax	-	-	-	-	(22.62)	-	(22.62)
Transfer to/ from retained earnings	198.00	-	500.00	-	(698.00)	-	-
Other Additions / Deductions during the year	-	-	-	-	10.30	-	10.30
Premium received during the year	-	-	-	-	-	-	-
Profit (loss) for the year after income tax	-	-	-	-	989.99	-	989.99
Other Comprehensive Income for the year before income tax	-	-	-	-	-	(1.53)	(1.53)
Less: Income Tax	-	-	-	-	-	0.38	0.38
<b>Balance as at March 31, 2019</b>	<b>462.58</b>	<b>2,384.99</b>	<b>500.00</b>	<b>0.01</b>	<b>1,243.68</b>	<b>11.81</b>	<b>4,603.07</b>
Dividends including tax	-	-	-	-	(22.51)	-	(22.51)
Transfer to/ from retained earnings	93.30	-	-	-	(93.30)	-	-
Other Additions / Deductions during the year	-	-	-	-	-	-	-
Premium received during the year	-	-	-	-	-	-	-
Profit (loss) for the year after income tax	-	-	-	-	466.51	-	466.51
Other Comprehensive Income for the year before income tax	-	-	-	-	-	(6.85)	(6.85)
Less: Income Tax	-	-	-	-	-	1.73	1.73
<b>Balance as at March 31, 2021</b>	<b>555.88</b>	<b>2,384.99</b>	<b>500.00</b>	<b>0.01</b>	<b>1,594.38</b>	<b>6.69</b>	<b>5,041.95</b>

Notes on accounts form part of final accounts  
As per our Report of even date attached

For and on behalf of the Board of Directors

**For M/s. N. Sankaran & Co**

Chartered Accountants  
Firm Regn. No 003590S

Sd/

**M N Prabhakar**

Partner  
M.No. 207188

Sd/

**Dr. Kalpanaa Sankar**

Managing Director  
(DIN. 01926545)

Sd/

**L. Muralidharan**

Chief Financial Officer

Sd/

**B. Balakumaran**

Director  
(DIN. 09099182)

Sd/

**Sunil Kumar Sahu**

Company Secretary

Place : Chennai

Date : April 29, 2021



## Cash Flow Statement for the year ended March 31, 2021

(Rs. In millions)

Particulars	for the year ended Mar 31, 2021	for the year ended Mar 31, 2020
Operating activities		
<b>Profit before tax</b>	<b>570.12</b>	<b>1,332.45</b>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	92.55	90.80
Impairment on financial instruments	807.55	229.50
Finance cost	2,344.55	1,821.85
Realised gain on investment held for trading	(13.83)	(66.75)
Interest income on deposits	(163.26)	(99.99)
Profit on sale of asset	(0.13)	(0.17)
<b>Operating Profit Before Working Capital Changes</b>	<b>3,637.55</b>	<b>3,307.69</b>
Working capital changes		
(Increase) / Decrease in Trade receivables	(1.54)	6.86
(Increase) / Decrease in Loans	(7,763.27)	(4,720.43)
(Increase) / Decrease in Other financial asset	232.30	(296.63)
(Increase) / Decrease in Other non financial asset	(0.62)	(17.20)
Increase / (Decrease) in Trade and Other payables	8.05	-
Increase / (Decrease) in Other liabilities	(228.43)	586.62
Increase / (Decrease) in Provision	(4.11)	9.88
<b>Cash flows from/(used in) operating activities before tax</b>	<b>(4,120.07)</b>	<b>(1,123.23)</b>
Interest paid on borrowings	(2,130.41)	(1,891.16)
Income tax paid	(266.51)	(299.72)
<b>Net cash flows from/(used in) operating activities</b>	<b>(6,516.99)</b>	<b>(3,314.11)</b>
<b>Investing activities</b>		
Acquisition of fixed and intangible assets	(34.19)	(73.43)
Acquisition of investment property	-	-
Realised gain on investment held for trading	13.83	66.75
Proceeds from sale of fixed assets	0.18	0.31
Investment in fixed deposits	167.17	(328.92)
Interest received on deposits	177.10	80.02
<b>Net cash flows from/(used in) investing activities</b>	<b>324.09</b>	<b>(255.27)</b>
<b>Financing activities</b>		
Proceeds from issue of shares	-	-
<b>Net receipts/Payments from borrowings</b>	<b>9,065.09</b>	<b>3,158.15</b>
Interest paid on Lease liabilities	(10.33)	(10.02)
Payment towards Lease liabilities	(37.40)	(25.07)
Dividend paid on equity shares	(22.51)	(22.62)
<b>Net cash flows from financing activities</b>	<b>8,994.85</b>	<b>3,100.44</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,801.95</b>	<b>(468.95)</b>
Net foreign exchange difference	-	-
Cash and cash equivalents at 1 April	1,719.28	2,188.23
<b>Cash and cash equivalents at reporting date</b>	<b>4,521.23</b>	<b>1,719.28</b>

Notes on accounts form part of final accounts  
As per our Report of even date attached

**For M/s. N. Sankaran & Co**

Chartered Accountants  
Firm Regn. No 003590S

Sd/

**M N Prabhakar**

Partner  
M.No. 207188

Place : Chennai

Date : April 29, 2021

For and on behalf of the Board of Directors

Sd/

**Dr. Kalpanaa Sankar**

Managing Director  
(DIN. 01926545)

Sd/

**L. Muralidharan**

Chief Financial Officer

Sd/

**B. Balakumaran**

Director  
(DIN. 09099182)

Sd/

**Sunil Kumar Sahu**

Company Secretary



## Notes forming part of Financial Statements Significant Accounting Policies

### 1. Corporate Information

Belstar Microfinance Limited, (Formerly known as Belstar Investment and Finance Private Limited) (the Company) a Company incorporated under the Companies Act, 1956 having its registered office at No 33, 48th Street, 9th Avenue, Ashok Nagar, Chennai- 600083 and registered with the Reserve Bank of India as a non-banking financial company (NBFC) from March 2001. The Company is basically engaged in the business of providing loans and access to Credit to the Self-Help Group (SHG) members / Joint Liability Group (JLG) members known as “Pragati” and other loans like Education, Small Enterprise Loan (SEL) as part of financial inclusion space. The Company got classified as a NBFC -MFI effective December 11, 2013. The company is a Systemically Important Non- Deposit taking NBFC MFI (NDSI-NBFC-MFI) as at March 31, 2021.

### 2. Basis of preparation

#### Statement of compliance

The financial statements of the Company have been prepared 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.

#### 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.

#### 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. Significant accounting policies

#### 3.1 Recognition of interest income

The Company computes Interest income by applying the effective interest rate to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets.

For purchased or originated credit-impaired financial assets, the Company applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

For other credit-impaired financial assets, the Company applies effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.





When calculating the effective interest rate, the Company includes all fees and charges paid or received to and from the borrowers that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

### 3.2 Recognition of income and expenses

Revenue (other than for financial instruments) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind As.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind As 115:

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

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

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

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

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

#### 3.2.1 Dividend income

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

### 3.3 Financial instruments

#### 3.3.1 Financial asset

##### Initial recognition

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

#### 3.3.2 Initial and subsequent measurement

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

1. Debt instruments at amortised cost
2. Debt instruments at fair value through other comprehensive income (FVTOCI).



3. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).
4. Equity instruments measured at fair value through other comprehensive income (FVTOCI).

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

The Ind AS 109 classification and measurement model requires that all debt instrument financial assets that do not meet a "solely payment of principal and interest" (SPPI) test, including those that contain embedded derivatives, be classified at initial recognition as fair value through profit or loss (FVTPL). The intent of the SPPI test is to ensure that debt instruments that contain non-basic lending features, such as conversion options and equity linked pay-outs, are measured at FVTPL.

Accordingly, for debt instrument financial assets that meet the SPPI test, the Company classifies its assets based on the business model under which these instruments are managed.

Debt instruments that are managed on a "held for trading" or "fair value" basis is classified as FVTPL. Financial instruments held at fair value through profit or loss, are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

Debt instruments that are managed on a "hold to collect and for sale" basis is classified as fair value through other comprehensive income (FVOCI) for debt. These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

Debt instruments that are managed on a "hold to collect" basis will be classified as amortized cost. After initial measurement at fair value plus directly attributable costs, these financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described below in Note 3.6 Impairment of financial assets.

All equity instrument financial assets are classified at initial recognition as FVTPL unless an irrevocable designation is made to classify the instrument as FV-OCI for equities. The FV-OCI for equities category results in all realized and unrealized gains and losses being recognized in OCI with no recycling to profit and loss. Only dividends are recognized in profit and loss.

### 3.3.3 Financial liabilities

#### Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.



## Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

### 3.4 Derecognition of financial assets and liabilities

#### 3.4.1 Financial Asset

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

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

- 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.

#### 3.4.2 Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially



different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

### 3.5 Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and liabilities are offset, and the net amount is presented in the balance sheet when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously in all the following circumstances:

- a. The normal course of business
- b. The event of default
- c. The event of insolvency or bankruptcy of the Company and/or its counterparties.

### 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 months' 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 months of ECL.

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

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the



estimated future cash flows of a loan or a portfolio of loans. The Company recognises lifetime ECL for impaired financial instruments.

### 3.6.2 The calculation of ECLs

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

**Probability of Default (PD)** - The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

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

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

#### Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

#### Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when it is determined that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

#### Collateral

In the normal course of business, the Company does not take financial or non-financial item as collateral security from the customers for the loan given.

#### Impairment of Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables.





### 3.7 Determination of fair value

The Company measures financial instruments, such as, investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- 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 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 Finance cost

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

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include



fees and commissions payable to advisers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

### 3.9 Other income and expenses

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

### 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.

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

#### 3.11.1 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.

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

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



Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

### 3.12 Intangible assets

The Company's intangible assets consist of computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

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

Intangible assets are amortised using the written down value method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a written down value basis over a period of 3 years keeping residual value 5%.

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 has been 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's assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable



amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

### 3.15 Post employment benefits

#### 3.15.1 Defined contribution schemes

Contributions to the Employees Provident Fund Scheme maintained by the Central Government are accounted for on an accrual basis. Retirement benefit in the form of provident fund is a defined contribution scheme.

The company has no obligation, other than the contribution payable under the scheme. The company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

#### 3.15.2 Defined Benefit schemes

##### *Gratuity*

The Company provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Company. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method. The Company makes annual contribution to a Gratuity Fund administered by Life Insurance Company Limited and such other insurance company from time to time.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.



An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Re-measurement, comprising of actuarial gains and losses (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

### 3.16 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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

### 3.17.3 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.

### 3.17.4 Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit can be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### 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. The company does not have any contingent assets in the financial statements.

### 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 (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.



For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

### 3.20 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 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 the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

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

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

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

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

#### 4.6 Other estimates:

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

#### 5. Standard issued but not yet effective

Ministry of corporate affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2021. On March 24, 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III are applicable from April 01, 2021.

Notes on accounts form part of final accounts  
As per our Report of even date attached

**For M/s. N. Sankaran & Co**

Chartered Accountants  
Firm Regn. No 003590S

Sd/

**M N Prabhakar**

Partner  
M.No. 207188

Place : Chennai

Date : April 29, 2021

For and on behalf of the Board of Directors

Sd/

**Dr. Kalpanaa Sankar**

Managing Director  
(DIN. 01926545)

Sd/

**B. Balakumaran**

Director  
(DIN. 09099182)

Sd/

**L. Muralidharan**

Chief Financial Officer

Sd/

**Sunil Kumar Sahu**

Company Secretary



## Notes to financial statements for the period ended March 31, 2021

### 6. Cash and cash equivalents

(Rs. In millions)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Cash on hand	9.32	18.75
Balances with Banks		
- in current accounts	984.41	1,400.53
- Bank deposit with maturity of less than 3 months	3,527.50	300.00
<b>Total</b>	<b>4,521.23</b>	<b>1,719.28</b>

Short-term deposits are made for period varying between one day to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates. The Company has not taken any bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and cash equivalent given above.

### 7. Bank balance other than cash and cash equivalents

(Rs. In millions)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Deposit with original maturity for more than three months but less than twelve months	-	-
Balances with banks to the extent held as security against the borrowings #	1,256.62	1,423.79
<b>Total</b>	<b>1,256.62</b>	<b>1,423.79</b>

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

### 8. Trade Receivables

(Rs. In millions)

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
<b>(I) Trade Receivables</b>		
Receivable considered good - Secured	-	-
Receivable considered good - Unsecured	3.14	1.60
Receivables which have significant increase in credit risk	-	-
Receivables - credit impaired	-	-
<b>Total</b>	<b>3.14</b>	<b>1.60</b>
<i>Provision for impairment for:</i>		
Receivable considered good - Unsecured	-	-
Receivables which have significant increase in credit risk	-	-
Receivables - credit impaired	-	-
<b>Total Net receivable</b>	<b>3.14</b>	<b>1.60</b>

Trade receivables includes Rs. 3.14/- million (Previous year Rs. 0.96 million) receivable from related party refer Note 42 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 2020-21, INR Nil (2019-20: INR Nil) was recognised as provision for expected credit losses on trade receivable.

(Rs. In millions)

Trade receivables / days past due		0-30 days past due	31-60 days past due	61-90 days past due	91-360 days past due	More than 360 days past due	Total
<b>ECL rate</b>		0%	0%	0%	50%	100%	
March 31, 2021	Estimated total gross carrying amount	3.14	-	-	-	-	<b>3.14</b>
	ECL-Simplified approach	-	-	-	-	-	-
	Net carrying amount	3.14	-	-	-	-	<b>3.14</b>
March 31, 2020	Estimated total gross carrying amount	1.56	0.04	-	-	-	<b>1.60</b>
	ECL-Simplified approach	-	-	-	-	-	-
	Net carrying amount	1.56	0.04	-	-	-	<b>1.60</b>



## 9. Loans

Particulars	As at March 31, 2021				As at March 31, 2020			
	Amortised Cost	At Fair value		Total	Amortised Cost	At Fair value		Total
		Through Other Comprehensive Income	Through profit or loss			Designated at Through profit or loss	Through Other Comprehensive Income	
(A)								
i) Receivables under financing activities	27,771.99	1,034.45	-	28,806.44	19,818.79	1,429.36	-	21,248.15
ii) Staff Loan	11.25	-	-	11.25	9.32	-	-	9.32
<b>Total (A) - Gross</b>	<b>27,783.24</b>	<b>1,034.45</b>	<b>-</b>	<b>28,817.69</b>	<b>19,828.11</b>	<b>1,429.36</b>	<b>-</b>	<b>21,257.47</b>
Less: Impairment loss allowance	(972.42)	(7.80)	-	(980.22)	(358.35)	(10.44)	-	(368.79)
<b>Total (A) - Net</b>	<b>26,810.82</b>	<b>1,026.65</b>	<b>-</b>	<b>27,837.47</b>	<b>19,469.76</b>	<b>1,418.92</b>	<b>-</b>	<b>20,888.68</b>
(B)								
I) Secured by tangible assets and intangible assets	0.88	-	-	0.88	-	-	-	-
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-	-	-
III) Unsecured	-	-	-	-	-	-	-	-
i) Receivables under financing activities	27,771.12	1,034.45	-	28,805.56	19,818.79	1,429.36	-	21,248.15
ii) Staff loan	11.25	-	-	11.25	9.32	-	-	9.32
<b>Total (III) - Gross</b>	<b>27,782.36</b>	<b>1,034.45</b>	<b>-</b>	<b>28,816.81</b>	<b>19,828.11</b>	<b>1,429.36</b>	<b>-</b>	<b>21,257.47</b>
Less: Impairment loss allowance	(972.42)	(7.80)	-	(980.22)	(358.35)	(10.44)	-	(368.79)
<b>Total (III) - Net</b>	<b>26,809.94</b>	<b>1,026.65</b>	<b>-</b>	<b>27,836.59</b>	<b>19,469.76</b>	<b>1,418.92</b>	<b>-</b>	<b>20,888.68</b>
<b>Total (I+II+III) - Net</b>	<b>26,810.82</b>	<b>1,026.65</b>	<b>-</b>	<b>27,837.47</b>	<b>19,469.76</b>	<b>1,418.92</b>	<b>-</b>	<b>20,888.68</b>
(C)								
i) Public Sector	-	-	-	-	-	-	-	-
ii) Others	27,783.24	1,034.45	-	28,817.69	19,828.11	1,429.36	-	21,257.47
<b>Total (C) - Gross</b>	<b>27,783.24</b>	<b>1,034.45</b>	<b>-</b>	<b>28,817.69</b>	<b>19,828.11</b>	<b>1,429.36</b>	<b>-</b>	<b>21,257.47</b>
Less: Impairment Loss Allowance (C)	(972.42)	(7.80)	-	(980.22)	(358.35)	(10.44)	-	(368.79)
<b>Total (C) - Net</b>	<b>26,810.82</b>	<b>1,026.65</b>	<b>-</b>	<b>27,837.47</b>	<b>19,469.76</b>	<b>1,418.92</b>	<b>-</b>	<b>20,888.68</b>





## Receivables under financing activities Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 46 and policies on ECL allowances are set out in Note 3.6.

Particulars	As at March 31, 2021			As at March 31, 2020		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Internal rating grade</b>						
<b>Performing</b>						
- High grade	27,451.34	-	-	27,451.34	20,940.25	-
- Standard grade	247.75	-	-	247.75	26.05	-
- Sub-standard grade	-	196.24	-	196.24	-	26.21
- Past due but not impaired	-	139.17	-	139.17	-	29.12
<b>Non-performing</b>						
- Individually impaired	-	-	783.18	783.18	-	235.84
<b>Total</b>	<b>27,699.09</b>	<b>335.41</b>	<b>783.18</b>	<b>28,817.69</b>	<b>20,966.30</b>	<b>55.33</b>

(Rs. In millions)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to receivables under financing activities is, as follows:

Particulars	As at March 31, 2021			As at March 31, 2020		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Gross carrying amount opening balance</b>	<b>20,966.30</b>	<b>55.33</b>	<b>235.84</b>	<b>16,371.21</b>	<b>69.36</b>	<b>211.08</b>
New assets originated or purchased (net of repayment)	20,362.37	-	-	16,156.63	-	-
Assets derecognised or repaid (excluding write offs)	(12,405.13)	(116.34)	(83.46)	(11,255.61)	(65.12)	(102.34)
Transfers to Stage 1	4.39	(2.51)	(1.88)	7.15	(5.93)	(1.22)
Transfers to Stage 2	(445.91)	446.29	(0.38)	(93.70)	94.56	(0.86)
Transfers to Stage 3	(782.95)	(47.35)	830.30	(219.38)	(37.54)	256.92
Amounts written off	-	-	(197.23)	-	-	(127.74)
<b>Gross carrying amount closing balance</b>	<b>27,699.09</b>	<b>335.41</b>	<b>783.18</b>	<b>20,966.30</b>	<b>55.33</b>	<b>235.84</b>
				<b>21,257.46</b>	<b>69.36</b>	<b>211.08</b>
				<b>20,362.37</b>	<b>-</b>	<b>-</b>
				<b>(12,604.93)</b>	<b>(65.12)</b>	<b>(102.34)</b>
				<b>-</b>	<b>(1.22)</b>	<b>-</b>
				<b>(197.23)</b>	<b>-</b>	<b>-</b>
				<b>28,817.69</b>	<b>55.33</b>	<b>235.84</b>
				<b>21,257.47</b>	<b>69.36</b>	<b>211.08</b>
				<b>20,966.30</b>	<b>55.33</b>	<b>235.84</b>

(Rs. In millions)



### Reconciliation of ECL balance is given below:

Particulars	For the year ended March 31, 2021				For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance - opening balance</b>	151.83	0.66	216.30	368.79	76.00	0.44	187.55	263.99
New assets originated or purchased	137.28	-	-	137.28	147.50	-	-	147.50
Assets derecognised or repaid (excluding write offs)	(61.24)	(0.39)	(20.96)	(82.60)	(55.80)	(5.44)	(3.15)	(64.39)
Transfers to Stage 1	1.83	(0.03)	(1.80)	-	1.11	(0.03)	(1.09)	-
Transfers to Stage 2	(17.29)	17.64	(0.35)	-	(5.09)	5.86	(0.77)	-
Transfers to Stage 3	(16.51)	(0.47)	16.98	-	(11.90)	(0.17)	12.07	-
Impact on year end ECL of exposures transferred between stages during the year	68.85	80.36	604.75	753.97	-	-	149.43	149.43
Amounts written off	-	-	(197.23)	(197.23)	-	-	(127.74)	(127.74)
<b>ECL allowance - closing balance</b>	<b>264.75</b>	<b>97.78</b>	<b>617.69</b>	<b>980.22</b>	<b>151.83</b>	<b>0.66</b>	<b>216.30</b>	<b>368.79</b>

### Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has sold some loans and advances measured at fair value through other comprehensive income, as a source of finance. As per terms of the deal, risk and reward has been transferred to the customer. Hence, as per the derecognition criteria of IND AS 109, including transfer of substantially all risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised.

The table below summarises that carrying amounts of the derecognised financial assets

(Rs. In millions)

Particulars	March 31, 2021	March 31, 2020
Carrying amount of derecognised financial assets #	4,395.41	5,185.27
Interest only strip	417.13	385.27
Gain/(loss) from derecognition	31.86	266.76

# In Previous year derocognised financial assets figures were changed from gross value to carrying value.

### Transferred financial assets that are not derecognised in their entirety

The Company uses securitisations as a source of finance and a means of risk transfer. The Company securitised its microfinance loans to different entities. These entities are not related to the Company. Also, the Company neither holds any equity or other interest nor control them. As per the terms of the agreement, the Company is exposed to first loss amounting to 5% to 10% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying microfinance loans. These receivables are not derecognised and proceeds received are recorded as a financial liability under borrowings. The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(Rs. In millions)

Particulars	March 31, 2021	March 31, 2020
Carrying amount of assets re - recognised due to non transfer of assets	78.58	1,987.55
Carrying amount of associated liabilities	6.16	1,288.30

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

### Interest in unconsolidated structured entity

These are entities which are not consolidated because the Company does not control them through voting rights, contract, funding agreements, or other means.

The following table describes the types of structured entities that the Company does not consolidate but in which it holds an interest.

Type of Structured Entity	Nature and Purpose	Interest held by the Company
Securitisation Vehicle for loans	To generate - funding for the Company's lending activities - Spread through sale of assets to investors - Fees for servicing loan	- Servicing fee - Credit Enhancement provided by the Company - Excess interest spread

(Rs. In millions)

Particulars	March 31, 2021	March 31, 2020
Aggregate value of accounts sold to securitisation company	-	2419.35
Aggregate consideration	-	2116.28
Quantum of credit enhancement in the form of deposits	-	157.12
Servicing fees	-	2.00





**10: Other financial assets**

(Rs. In millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	21.88	19.01
Receivable towards assignment transactions	108.78	376.25
Interest only strip	417.13	385.27
Interest accrued on fixed deposits with banks	77.68	91.52
<b>Total</b>	<b>625.47</b>	<b>872.05</b>

**11: Investment property**

(Rs. in millions)

Particulars	As at March 31, 2021	As at March 31, 2020
<i>Gross carrying amount</i>		
Opening gross carrying amount	1.10	1.10
Addition during the year	-	-
Disposal	-	-
<b>Closing gross carrying amount</b>	<b>1.10</b>	<b>1.10</b>
<i>Accumulated depreciation</i>		
Opening accumulated depreciation amount	-	-
Depreciation charged during the period	-	-
<b>Closing accumulated depreciation amount</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>1.10</b>	<b>1.10</b>

The fair value of investment property is Rs. 1.15 millions ( Rs. 1.16 millions for previous year ) as determined by an external independent property valuer having appropriate recognised professional qualifications.

**12: Property, plant and equipment**

(Rs. In millions)

Particulars	Office equipment	Computers	Furniture & Fixtures	Vehicles	Total
<b>Cost:</b>					
At April 1, 2019	17.87	58.28	11.04	1.41	88.60
Additions	18.00	34.00	7.60	0.06	59.66
Disposals	0.48	-	-	-	0.48
<b>At March 31, 2020</b>	<b>35.39</b>	<b>92.28</b>	<b>18.64</b>	<b>1.47</b>	<b>147.78</b>
Additions	9.86	9.61	1.76	-	21.22
Disposals	0.11	0.60	-	-	0.71
<b>At March 31, 2021</b>	<b>45.13</b>	<b>101.29</b>	<b>20.40</b>	<b>1.47</b>	<b>168.29</b>
<b>Accumulated depreciation</b>					
At April 1, 2019	7.27	32.05	7.47	0.79	47.59
Disposals	0.34	-	-	-	0.34
Depreciation charge for the year ended 31 March, 2020	13.34	27.27	5.97	0.22	46.79
<b>At March 31, 2020</b>	<b>20.27</b>	<b>59.32</b>	<b>13.44</b>	<b>1.01</b>	<b>94.04</b>
Disposals	0.09	0.56	-	-	0.66
Depreciation charge for the year ended 31 March, 2021	11.83	24.07	3.07	0.15	39.13
<b>At March 31, 2021</b>	<b>32.01</b>	<b>82.83</b>	<b>16.51</b>	<b>1.16</b>	<b>132.51</b>
<b>Net book value:</b>					
At March 31, 2020	15.11	32.96	5.20	0.46	53.73
At March 31, 2021	13.12	18.46	3.89	0.31	35.76



### 13: Right of use of assets

(Rs. In millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening carrying value	91.89	38.67
Addition during the year	22.22	85.42
Depreciation for the year	(41.22)	(32.20)
Closing Carrying value	72.89	91.89

### 14: Other Intangible Assets

(Rs. In millions)

Particulars	Computer Software
<b>Cost:</b>	
At April 1, 2019	53.14
Additions	13.75
Disposals	-
<b>At March 31, 2020</b>	<b>66.89</b>
Additions	12.42
Disposals	-
<b>At March 31, 2021</b>	<b>79.31</b>
<b>Accumulated amortisation</b>	
At April 1, 2019	42.00
Amortisation charge for the year ended March 31, 2020	11.80
<b>At March 31, 2020</b>	<b>53.80</b>
Disposals	-
Amortisation charge for the year ended March 31, 2021	12.20
<b>At March 31, 2021</b>	<b>66.00</b>
<b>Net book value:</b>	
At March 31, 2020	13.09
At March 31, 2021	13.31

### 15: Other Non-financial assets

(Rs. In millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	35.35	35.36
Insurance claim receivable	7.37	6.02
Other Receivables	66.78	28.89
<b>Total</b>	<b>109.50</b>	<b>70.27</b>

### 16: Debt Securities

(Rs. In millions)

Particulars	As at March 31, 2021			As at March 31, 2020		
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	At amortised cost	At fair value through profit or loss	Designated at Through profit or loss
<b>Bonds/ Debentures</b>						
Secured Non-Convertible Debentures	5,227.93	-	-	200.00	-	-
Unsecured Non-Convertible	57.02	-	-	169.90	-	-
Debentures -Listed						
<b>Total (A)</b>	<b>5,284.95</b>	<b>-</b>	<b>-</b>	<b>369.90</b>	<b>-</b>	<b>-</b>
Debt securities in India	5,284.95	-	-	369.90	-	-
Debt securities outside India	-	-	-	-	-	-





## Details of Redeemable Non-Convertible Debentures

(Rs. In millions)

Particulars	Mar 31, 2021			Mar 31, 2020			Date of redemption	Nominal value per debenture#	Total number of debentures #
	Loan Amount	EIR Adjustments	Balance Outstanding	Loan Amount	EIR Adjustments	Balance Outstanding			
<b>Secured Non-Convertible Debentures</b>									
11.6% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	-	50.00	-	50.00	22-05-2020	1,00,000.00	5,000.00
11.4% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	-	150.00	-	150.00	17-07-2020	1,00,000.00	10,000.00
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	250.00	(1.04)	248.96	-	-	-	16-05-2023	10,00,000.00	250.00
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	200.00	(0.84)	199.16	-	-	-	17-06-2023	10,00,000.00	200.00
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	700.00	(2.97)	697.03	-	-	-	30-06-2023	10,00,000.00	700.00
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	350.00	(3.40)	346.60	-	-	-	07-07-2023	10,00,000.00	350.00
10.58% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	500.00	(1.65)	498.35	-	-	-	21-04-2023	10,00,000.00	500.00
10.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	342.86	(0.01)	342.84	-	-	-	15-09-2022	8,57,143.00	400.00
9.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	250.00	-	250.00	-	-	-	25-02-2022	10,00,000.00	250.00
9.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	2,000.00	(3.73)	1,996.27	-	-	-	25-09-2022	10,00,000.00	2,000.00
9.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	400.00	(0.69)	399.31	-	-	-	13-05-2022	10,00,000.00	400.00
9.35% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	250.00	(0.59)	249.41	-	-	-	03-06-2022	10,00,000.00	250.00
<b>Total</b>	<b>5,242.86</b>	<b>(14.92)</b>	<b>5,227.93</b>	<b>200.00</b>	<b>-</b>	<b>200.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
Unsecured Non-Convertible Debentures -Listed									
11.98% Unsecured, Fully Paid, Rated, Listed, Senior, Redeemable, Taxable, Non-Convertible Debentures	57.14	(0.12)	57.02	171.43	(1.52)	169.90	31-07-2021	1,00,000.00	2,000.00
<b>Total</b>	<b>57.14</b>	<b>(0.12)</b>	<b>57.02</b>	<b>171.43</b>	<b>(1.52)</b>	<b>169.90</b>	<b>-</b>	<b>-</b>	<b>-</b>

Secured debentures are secured by hypothecation of Receivables under Financing activity.

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

## 17: Borrowings (other than debt securities)

(Rs. In millions)

Particulars	As at March 31, 2021			As at March 31, 2020		
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	At amortised cost	At fair value through profit or loss	Designated at Through profit or loss
<b>(a) Term loan</b>						
<i>(i) from banks #</i>	19,453.44	-	-	15,088.82	-	-
<i>(ii) from Financial Institution</i>	1,536.98	-	-	1,156.55	-	-
<i>(iii) Securitisation</i>	6.16	-	-	1,288.30	-	-
<b>(b) Loans repayable on demand</b>						
<i>(i) from banks (OD &amp; CC)</i>	36.41	-	-	8.01	-	-
Cash Credit ##	-	-	-	-	-	-
<b>Total (A)</b>	<b>21,032.99</b>	<b>-</b>	<b>-</b>	<b>17,541.68</b>	<b>-</b>	<b>-</b>
Borrowings in India	21,032.99	-	-	17,541.68	-	-
Borrowings outside India	-	-	-	-	-	-
<b>Total (B)</b>	<b>21,032.99</b>	<b>-</b>	<b>-</b>	<b>17,541.68</b>	<b>-</b>	<b>-</b>

# Secured by way of specific charge on receivables created out of the proceeds of the loan.

## Secured by hypothecation of Receivables under Financing activity.

## 18: Subordinated Liabilities

(Rs. In millions)

Particulars	As at March 31, 2021			As at March 31, 2020		
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	At amortised cost	At fair value through profit or loss	Designated at Through profit or loss
Subordinated Liabilities - Debentures - Unlisted	656.79	-	-	558.65	-	-
Subordinated Liabilities - Debentures - Listed	732.86	-	-	236.86	-	-
Subordinated Liabilities - Loan	248.77	-	-	248.58	-	-
<b>Total (A)</b>	<b>1,638.42</b>	<b>-</b>	<b>-</b>	<b>1,044.09</b>	<b>-</b>	<b>-</b>
Subordinated Liabilities in India	1,638.42	-	-	1,044.09	-	-
Subordinated Liabilities outside India	-	-	-	-	-	-
<b>Total (B)</b>	<b>1,638.42</b>	<b>-</b>	<b>-</b>	<b>1,044.09</b>	<b>-</b>	<b>-</b>

## Details of Redeemable Preference Shares

(Rs. In millions)

Particulars	March 31, 2021		March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	-	-	50.00	500.00
Issued during the year	-	-	-	-
Redeemed during the year	-	-	(50.00)	(500.00)
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>





## Details of Redeemable Non-Convertible Debentures

(Rs. In millions)

Particulars	Mar 31, 2021			Mar 31, 2020					
	Loan Amount	EIR Adjustments	Balance Outstanding	Loan Amount	EIR Adjustments	Balance Outstanding	Date of redemption	Nominal value per debenture#	Total number of debentures #
<b>Subordinated Liabilities - Debentures - Unlisted</b>									
15% Unsecured, Subordinated, Redeemable, Non-Convertible Debentures	-	-	-	100.00	-	100.00	29-03-2021	10,00,000.00	100
12% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	70.00	-	70.00	70.00	-	70.00	31-07-2023	10,00,000.00	70.00
14% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	200.00	(2.02)	197.98	-	-	-	11-09-2025	10,00,000.00	200.00
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	240.00	(1.19)	238.81	240.00	(1.35)	238.65	03-12-2025	1,00,000.00	2,400.00
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	150.00	-	150.00	150.00	-	150.00	15-05-2026	1,00,000.00	1,500.00
<b>Total</b>	<b>660.00</b>	<b>(3.21)</b>	<b>656.79</b>	<b>560.00</b>	<b>(1.35)</b>	<b>558.65</b>	-	-	-
<b>Subordinated Liabilities - Debentures - Listed</b>									
11.5% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures	250.00	(9.90)	240.10	250.00	(13.14)	236.86	31-05-2023	1,000.00	2,50,000.00
14.50% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures	500.00	(7.24)	492.76	-	-	-	30-09-2027	10,00,000.00	500.00
<b>Total</b>	<b>750.00</b>	<b>(17.14)</b>	<b>732.86</b>	<b>250.00</b>	<b>(13.14)</b>	<b>236.86</b>	-	-	-
<b>Subordinated Liabilities - Loan</b>									
14.50% Unsecured, Subordinated Loan	250.00	(1.23)	248.77	250.00	(1.42)	248.58	23-12-2025	-	-
<b>Total</b>	<b>250.00</b>	<b>(1.23)</b>	<b>248.77</b>	<b>250.00</b>	<b>(1.42)</b>	<b>248.58</b>	-	-	-

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





**Terms of repayment of long term borrowings outstanding as at March 31, 2021**  
**Maturity pattern of Debt securities**

(Rs. in millions)

Type of Loan	Secured & Unsecured NCD	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	
Monthly repayment schedule	8%-10%	-	-	1	399.30	-	-	-	-	-	-	-	1	399.30
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	3	186.94	1	62.47	-	-	-	-	-	-	-	4	249.41
	10%-12%	6	285.58	2	114.28	-	-	-	-	-	-	-	8	399.86
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-
Half yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-
Yearly repayment schedule	8%-10%	5	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	-	2,241.72	-	-	-	-	-	-	-	-	-	5.00	2,241.72
	10%-12%	-	-	-	-	1,994.66	-	-	-	-	-	-	6.00	1,994.66
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>14</b>	<b>2,714.24</b>	<b>4.00</b>	<b>576.05</b>	<b>6.00</b>	<b>1,994.66</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24.00</b>	<b>5,284.95</b>	





## Maturity pattern of term loan from Financial Institution

(Rs. in millions)

Type of Loan	Term Loan - NBFC	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	
Monthly repayment schedule	8%-10%	24	404.90	14.00	237.47	-	-	-	-	-	-	-	-	642.37
	10%-12%	35	374.84	13.00	131.76	-	-	-	-	-	-	-	-	506.60
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-
	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	8	132.24	8.00	134.38	5.00	121.39	-	-	-	-	-	-	388.01
Half yearly repayment schedule	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-
	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-
Yearly repayment schedule	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-
		67	911.97	35	503.62	5	121.39	-	-	-	-	-	-	1,536.98

## Maturity pattern of term loan - Securitisation

(Rs. In millions)

Type of Loan	Term Loan- PTC	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	
Monthly repayment schedule	8%-10%	1	6.16	-	-	-	-	-	-	-	-	-	-	6.16
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		1	6.16	-	-	-	-	-	-	-	-	-	-	6.16



### Maturity pattern of Cash credit

(Rs. In millions)

Type of Loan	Cash Credit	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
Original Maturity of loan	Coupon rate	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments
At the end of tenure / On demand	8%-10% / 10%-12% / 12%-14% / 14%-15%	1.00	36.41	-	-	-	-	1.00
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
<b>Total</b>		<b>1.00</b>	<b>36.41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.00</b>

### Maturity pattern of Subordinated Liabilities

(Rs. In millions)

Type of Loan	Unsecured - Sub Debt	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	Due 3 to 4 years	Due 4 to 5 years	Due 5 to 10 years	Total
Original Maturity of loan	Coupon rate	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments
At the end of tenure / On demand	8%-10% / 10%-12% / 12%-14% / 14%-15%	-	-	-	-	-	-	-
		-	-	2.00	304.99	-	-	2
		-	-	-	-	1	203.09	1
		-	-	-	-	3	482.67	5
<b>Total</b>		<b>-</b>	<b>-</b>	<b>2.00</b>	<b>304.99</b>	<b>4</b>	<b>685.76</b>	<b>8</b>

**19: Other Financial liabilities**

(Rs. In millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on borrowings	358.63	90.42
Preference dividend	-	-
Payable towards assignment transactions	692.64	885.10
<b>Total</b>	<b>1,051.27</b>	<b>975.52</b>

**20: Provisions**

(Rs. In millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
- Gratuity	4.12	7.50
- Others	41.39	44.00
Provision for other losses	5.46	6.57
<b>Total</b>	<b>50.97</b>	<b>58.07</b>

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

The movement in provisions during 2020-21 and 2019-20 is, as follows:

(Rs. In millions)

Particulars	Others Amount
<b>At April 1, 2019</b>	<b>9.60</b>
Arising during the year	0.64
Utilized during the year	(3.67)
<b>At March 31, 2020</b>	<b>6.57</b>
Arising during the year	1.22
Utilized during the year	(2.33)
<b>At March 31, 2021</b>	<b>5.46</b>

**21: Other Non-financial liabilities**

(Rs. In millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	8.62	17.95
Lease liabilities	80.43	96.05
Employees payable	38.80	37.38
Insurance premium payable	2.70	-
Other non financial liabilities	38.19	68.96
<b>Total</b>	<b>168.74</b>	<b>220.34</b>

**22: Equity share capital**

(Rs. In millions)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorised:</b>		
10,00,00,000 (PY 5,00,00,000) Equity Shares of Rs.10/- each	1,000.00	1,000.00
<b>Issued, subscribed and fully paid up</b>		
3,75,20,524 (PY 3,75,20,524) Equity Shares of Rs.10/- each	375.21	375.21
<b>Total Equity</b>	<b>375.21</b>	<b>375.21</b>





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

(Rs. In millions)

Particulars	No. In millions	No. In millions
At April 1, 2019	37.52	375.21
Issued during the year	-	-
At March 31, 2020	37.52	375.21
Issued during the year	-	-
At March 31, 2021	37.52	375.21

### Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 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	March 31, 2021		March 31, 2020	
	No. in lakhs	% holding in the class	No. in lakhs	% holding in the class
Muthoot Finance Limited (Holding Company)	26.27	70.01	26.27	70.01
Sarvam Financial Inclusion Trust, Kancheepuram	6.58	17.52	6.58	17.52
Maj Invest Financial Inclusion Fund II K/S	4.15	11.05	4.15	11.05



## 23: Other equity

(Rs. In millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	462.58	264.58
Add: Transfer from surplus balance in the Statement of Profit and Loss	93.30	198.00
<b>Closing balance</b>	<b>555.88</b>	<b>462.58</b>
Securities Premium Account		
Opening balance	2,384.99	2,384.99
Add: Securities premium received during the year	-	-
<b>Closing balance</b>	<b>2,384.99</b>	<b>2,384.99</b>
Capital Redemption Reserve(CRR)		
Opening balance	500.00	-
Add: Amount Transfer during the year	-	500.00
<b>Closing balance</b>	<b>500.00</b>	<b>500.00</b>
General Reserve		
Opening balance	0.01	0.01
Add: Amount transferred from surplus in the statement of profit and loss	-	-
<b>Closing balance</b>	<b>0.01</b>	<b>0.01</b>
Other Comprehensive income		
Opening balance	11.81	12.96
Other comprehensive during the year (net of tax)	(5.12)	(1.15)
<b>Closing balance (net of tax)</b>	<b>6.69</b>	<b>11.81</b>
Surplus in Statement of Profit and Loss		
Opening balance	1,243.68	964.01
Add: Profit for the period	466.51	989.99
<b>Less Appropriation :-</b>		
Dividend on equity shares	(22.51)	(18.76)
Tax on dividend on equity shares		(3.86)
Transfer to Statutory Reserve	(93.30)	(198.00)
Transfer to Capital Redemption Reserve	-	(500.00)
Other Additions / Deductions during the year	-	10.30
<b>Total appropriations</b>	<b>(115.81)</b>	<b>(710.31)</b>
<b>Closing balance</b>	<b>1,594.38</b>	<b>1,243.68</b>
<b>Total</b>	<b>5,041.95</b>	<b>4,603.07</b>



## 24: Nature and purpose of reserve

**Securities Premium Reserve:** This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

**Retained earnings:** This Reserve represents the cumulative profits of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

**Debenture Redemption Reserve:** The Company is not required to create Debenture redemption reserve in terms of the Companies (Share Capital and Debentures) Rules, 2014 read with the Companies (Share Capital and Debentures) Amendment Rules, 2019 as the Debentures of the Company are privately placed.

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

**Statutory reserve:** This reserves is created by an appropriation and is required to maintain on its balance sheet with respect to the unmatured obligations (i.e., expected future claims) of the company.

**General Reserve:** This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized by the Company in accordance with the provisions of the Companies Act, 2013.

**Other comprehensive income reserve:** The Company recognises changes in the fair value of debt instruments held with business objective of collect and sell in other comprehensive income. These changes are accumulated in OCI reserve within equity. The Company transfers amounts from this reserve to the statement of profit and loss when the debt instrument is sold. Any impairment loss on such instruments is reclassified immediately to the statement of profit and loss.

## 25: Dividend paid and proposed

(Rs. In millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Final dividend for fiscal year 2019	22.51	18.76
DDT paid for fiscal year 2019	-	3.86
Interim dividend for fiscal year 2020	-	-

The Board of Directors recommended a final dividend of Rs.0.30/- per equity share for the financial year ended March 31, 2021. The payment is subject to the approval of the shareholders in the ensuing Annual General meeting of the Company.



## 26: Interest income

(Rs. In millions)

Particulars	for the year ended March 31, 2021				for the year ended March 31, 2020			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	Total	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through PL	Total
<b>Interest on Loans</b>								
Interest income on loan	242.13	5,034.91	-	5,277.04	147.51	4,399.63	-	4,547.14
Interest income from fixed deposits	-	163.26	-	163.26	-	99.99	-	99.99
Other interest income	-	2.07	-	2.07	-	2.32	-	2.32
<b>Total</b>	<b>242.13</b>	<b>5,200.23</b>	<b>-</b>	<b>5,442.37</b>	<b>147.51</b>	<b>4,501.94</b>	<b>-</b>	<b>4,649.45</b>

## 27: Sale of services

(Rs. In millions)

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
Commission fees	28.15	10.64
<b>Sale of services</b>	<b>28.15</b>	<b>10.64</b>
Fee income that are recognised over a certain period of time	-	-
Fee income that are recognised at point in time	28.15	10.64
<b>Sale of services</b>	<b>28.15</b>	<b>10.64</b>
<b>Geographical markets</b>		
India	28.15	10.64
Outside India	-	-
<b>Total</b>	<b>28.15</b>	<b>10.64</b>

## 28: Net gain on fair value changes

(Rs. In millions)

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio	-	-
- Investments	13.84	66.75
- Derivatives	-	-
- Others	-	-
Total Net gain/(loss) on fair value changes	13.84	66.75
Fair Value changes:		
- Realised	13.84	66.75
- Unrealised	-	-
<b>Total Net gain/(loss) on fair value changes</b>	<b>13.84</b>	<b>66.75</b>



### 29: Other Income

(Rs. In millions)

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
Bad debt recovery	15.03	13.23
Other income	0.34	0.64
<b>Total</b>	<b>15.37</b>	<b>13.87</b>

### 30: Finance Cost

(Rs. In millions)

Particulars	for the year ended March 31, 2021		for the year ended March 31, 2020	
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost
Interest Expense on Borrowings:				
Interest on borrowings	-	1,820.30	-	1,538.54
Interest on debt securities	-	323.48	-	174.93
Interest on subordinate liabilities	-	185.99	-	68.65
Dividend on preference shares (including taxes)	-	-	-	25.57
Interest on Lease liability	-	10.33	-	10.02
Other charges	-	4.45	-	4.13
<b>Total</b>	<b>-</b>	<b>2,344.55</b>	<b>-</b>	<b>1,821.85</b>

### 31: Impairment of financial instruments

(Rs. In millions)

Particulars	for the year ended March 31, 2021		for the year ended March 31, 2020	
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at fair value through profit OCI	On Financial liabilities measured at Amortised Cost
Loans	(2.64)	614.07	(28.55)	(33.35)
Bad Debts Written Off	-	197.23	-	127.74
Other Assets	-	(1.11)	-	(3.04)
<b>Total</b>	<b>(2.64)</b>	<b>810.19</b>	<b>(28.55)</b>	<b>258.05</b>

### 32: Employee Benefit Expenses

(Rs. In millions)

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
Salaries and Wages	1,083.80	932.51
Contributions to Provident and Other Funds	97.14	79.35
Staff Welfare Expenses	36.71	39.07
<b>Total</b>	<b>1,217.65</b>	<b>1,050.93</b>

### 33: Depreciation and amortization

(Rs. In millions)

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
Depreciation of Tangible Assets	39.13	46.80
Amortization of Intangible Assets	12.20	11.80
Depreciation on Right to use Asset	41.22	32.20
<b>Total</b>	<b>92.55</b>	<b>90.80</b>





**34: Other Expenses**

(Rs. In millions)

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
Rent	16.67	19.76
Electricity Charges	7.00	6.86
Business Promotion Expenses	5.18	14.11
Bank charges	18.33	18.61
Repairs to Buildings	15.82	14.43
Repairs to Machinery	30.47	16.88
Communication expense	29.37	24.06
Postage and courier	2.09	3.61
Printing and Stationery	13.95	18.42
Rates & Taxes	5.13	7.37
Legal & Professional Charges	43.79	58.39
Travelling and Conveyance	102.50	125.03
Insurance	21.17	11.16
Payments to Auditor	2.78	2.77
Membership and subscription	6.93	5.96
Directors' Sitting Fee	4.62	4.36
Credit Bureau expenses	5.63	4.81
Cloud charges	18.62	12.89
CSR Expenses	17.57	10.62
Loss on account of theft	0.04	0.08
Other expenses	2.49	2.69
<b>Total</b>	<b>370.14</b>	<b>382.87</b>

**Break up of payment to auditors**

(Rs. In millions)

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
As auditor:		
Statutory audit	1.47	1.47
Tax audit	0.22	0.22
Limited review	0.66	0.66
Certification fees	0.43	0.42
<b>Total</b>	<b>2.78</b>	<b>2.77</b>

**Details of CSR expenditure:**

(Rs. In millions)

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
a) Gross amount required to be spent by Company during the year	18.43	10.61
b) Amount spent during the period		
i) Construction/acquisition of any asset - In cash	-	-
Yet to paid in cash	-	-
Total	-	-
ii) On purpose other than (i) above - In cash	17.57	10.62
Yet to paid in cash	-	-
Total	17.57	10.62



### 35: Income Tax

The components of income tax expense for the year ended March 31, 2021 and year ended March 31, 2020 are:

(Rs. In millions)

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
Current tax	261.36	291.45
Deferred tax relating to origination and reversal of temporary differences	(150.50)	51.01
Early years adjustments	(7.25)	-
<b>Income tax expense reported in statement of profit and loss</b>	<b>103.61</b>	<b>342.46</b>
<b>Deferred tax related to items recognised in OCI during the period:</b>		
Tax liability due to Fair value impact on debt instruments measured at FVOCI (0.06)	(2.47)	(0.06)
Tax asset on remeasurements of defined benefit plans	0.75	(0.32)
<b>Income tax charged to OCI</b>	<b>(1.72)</b>	<b>(0.38)</b>

#### Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2021 and year ended March 31, 2020 is, as follows:

(Rs. In millions)

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
<b>Tax rate as per IT Act, 1961</b>	<b>25.17%</b>	<b>25.17%</b>
Accounting profit before tax	570.12	1,332.45
At India's statutory income tax rate of 25.168%	143.49	335.35
Effect of expenses that are not deductible in determining taxable profit	4.45	16.42
Deductions	(37.08)	(18.93)
Effect of income that is exempt from taxation	-	-
Deferred tax adjustment due to change in rate of tax	-	21.44
Others	(7.25)	(11.82)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>103.61</b>	<b>342.46</b>

The effective income tax rate for March 31, 2021 is 18.17% (March 31, 2020 is 25.70%)

### 36: Deferred tax

(Rs. In millions)

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	March 31, 21	March 31, 21	2020-21	2020-21
Depreciation	22.66	-	(5.02)	-
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.	19.95	-	0.08	-
Impairment allowance for financial assets	230.79	-	(146.76)	-
Debt financial asset measured at amortised cost	63.26	-	(16.11)	-
Financial liability measured at amortised cost (Borrowings)	-	(29.84)	10.04	-
Impact due to gain/loss on fair value of securitisation	-	(109.67)	8.02	-
Impact due to gain/loss on fair value of FVOCI loans	-	(6.18)	-	(2.47)
Impact due to actuarial gain/ loss on gratuity	2.48	-	-	0.75
Others	2.39	-	(0.75)	-
<b>Total</b>	<b>341.53</b>	<b>(145.69)</b>	<b>(150.50)</b>	<b>(1.72)</b>



(Rs. In millions)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	March 31, 20	March 31, 20	2019-20	2019-20
Depreciation	17.63	-	(5.17)	-
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.	20.03	-	(10.74)	-
Impairment allowance for financial assets	84.04	-	(6.92)	-
Debt financial asset measured at amortised cost (loans to customer)	47.15	-	(1.84)	-
Financial liability measured at amortised cost (Borrowings)	-	(19.81)	10.19	-
Impact due to gain/loss on fair value of securitisation	-	(101.65)	67.14	-
Impact due to gain/loss on fair value of FVOCI loans	-	(8.65)	-	(0.06)
Impact due to actuarial gain/ loss on gratuity	3.23	-	-	(0.32)
Others	4.55	-	(1.64)	-
<b>Total</b>	<b>176.63</b>	<b>(130.11)</b>	<b>51.01</b>	<b>(0.38)</b>

**37: Earnings per share**

(Rs. In millions)

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
Net profit attributable to ordinary equity holders of the parent	466.51	989.99
Weighted average number of ordinary shares for basic earnings per share	37.52	37.52
Effect of dilution:	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	37.52	37.52
<b>Earnings per share</b>		
Basic earnings per share (Rs.)	12.43	26.39
Diluted earnings per share (Rs.)	12.43	26.39

**38: Retirement Benefit Plan****Defined Contribution Plan**

The company makes contributions to provident fund which are defined contribution plan for qualifying employees. During the year, the Company recognised Rs. 65.65 millions (Previous Year Rs. 56.09 millions) for provident fund contributions in the statement of profit and loss.

**Defined Benefit Plan**

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

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



## Statement of Profit and Loss

### Net employee benefit expense recognised in the employee cost

(Rs. In millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Current service cost	11.63	10.83
Interest cost on benefit obligation	0.48	0.38
Past Service Cost	-	-
<b>Actual return on plan assets</b>	<b>12.11</b>	<b>11.21</b>

### Balance Sheet

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

(Rs. In millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Defined benefit obligation	49.44	40.38
Fair value of plan assets	45.32	32.87
Asset/(liability) recognized in the balance sheet	(4.12)	(7.50)
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:

(Rs. In millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening defined benefit obligation	40.38	28.33
Interest cost	2.59	1.99
Current service cost	11.63	10.83
Benefits paid	(3.30)	2.39
Past Service Cost	-	-
Actuarial loss / (gain) on obligation	1.83	1.62
<b>Closing defined benefit obligation</b>	<b>49.44</b>	<b>40.38</b>

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

(Rs. In millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening fair value of plan assets	32.87	22.87
Expected return	2.11	1.60
Contributions by employer	12.50	10.46
Benefits paid	(3.30)	(2.39)
Actuarial gains / (losses) on assets	1.14	0.33
<b>Closing fair value of plan assets</b>	<b>45.32</b>	<b>32.87</b>



The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:  
(Rs. In millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.25%	6.41%
Rate of increase in compensation levels	8%	10%
Attrition rate	23%	20%
Expected rate of return on assets	6.41%	7.01%

The plan assets of the Company relating to Gratuity are managed through a trust are invested through Life Insurance Corporation (LIC) and Exide life insurance (Exide). The details of investments relating to these assets are not shown by LIC and Exide. Hence, the composition of each major category of plan assets, the percentage or amount that each major category constitutes to the fair value of the total plan assets has not been disclosed.

Particulars	As at March 31, 2021	As at March 31, 2020
Funded with LIC	45.00%	67.00%
Funded with Exide	55.00%	33.00%

Particulars	Mar 31, 2021		Mar 31, 2021	
	Discount rate impact		Future salary impact	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.95)	0.99	1.95	(1.83)

Particulars	Mar 31, 2020		Mar 31, 2020	
	Discount rate impact		Future salary impact	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.96)	1.01	1.96	(1.81)

Expected benefit payment for future years	As at Mar 31, 2021	As at Mar 31, 2020
Within the next 12 months (next annual reporting period)	9.13	4.84
Between 2 and 5 years	26.55	20.37
Between 5 and 10 years	30.04	33.39
<b>Total expected payments</b>	<b>65.72</b>	<b>58.60</b>

The average duration of the defined benefit obligation as at March 31, 2021 is 6 years (2020: 6 years)

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.

The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Company will complete its evaluation and will give appropriate impact, if any, in the financial result following the Code becoming effective and the related rules being framed and notified.







### 39: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

(Rs. In millions)

Particulars	March 31, 2021		March 31, 2020		Total
	Within 12 months	After 12 months	Within 12 months	After 12 months	
<b>Assets</b>					
<b>Financial assets</b>					
Cash and cash equivalents	4,521.23	-	1,719.28	-	1,719.28
Bank Balance other than above	536.81	719.81	769.04	654.75	1,423.79
Trade receivables	3.14	-	1.60	-	1.60
Loans	18,390.11	9,447.36	12,654.97	8,233.72	20,888.68
Investments	-	-	-	-	-
Other financial assets	562.52	62.95	812.46	59.59	872.05
<b>Non-financial Assets</b>					
Current tax asset (net)	-	-	5.88	-	5.88
Deferred tax assets (net)	-	195.84	-	46.52	46.52
Investment property	-	1.10	-	1.10	1.10
Property, plant and equipment	-	35.76	-	53.73	53.73
Right of use assets	-	72.89	-	91.89	91.89
Other intangible assets	-	13.86	-	13.09	13.09
Other non financial assets	57.42	52.08	56.81	13.46	70.27
<b>Total assets</b>	<b>24,071.23</b>	<b>10,601.65</b>	<b>16,020.04</b>	<b>9,167.85</b>	<b>25,187.88</b>
<b>Liabilities</b>					
<b>Financial Liabilities</b>					
Trade Payables	5.73	-	-	-	-
Other Payables	2.31	-	-	-	-
Debt Securities	2,714.24	2,570.71	312.99	56.92	369.90
Borrowings (other than debt security)	12,881.34	8,151.65	10,694.48	6,847.20	17,541.68
Subordinated Liabilities	-	1,638.42	99.66	944.43	1,044.09
Other Financial liabilities	1,051.27	-	975.52	-	975.52
<b>Non-financial Liabilities</b>					
Current tax liabilities (net)	20.34	-	-	-	-
Provisions	50.97	-	58.07	-	58.07
Other non-financial liabilities	136.32	32.42	164.85	55.49	220.34
<b>Total Liabilities</b>	<b>16,862.52</b>	<b>12,393.20</b>	<b>12,305.56</b>	<b>7,904.04</b>	<b>20,209.60</b>
<b>Net</b>					<b>4,978.28</b>

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

(Rs. In millions)

Particulars	As at March 31, 2020	Cash Flows	Others*	As at March 31, 2021
Debt Securities	369.90	4,928.57	(13.52)	5,284.95
Borrowings other than debt securities	17,541.68	3,536.52	(45.20)	21,032.99
Subordinated Liabilities	1,044.09	600.00	(5.67)	1,638.42
<b>Total liabilities from financing activities</b>	<b>18,955.67</b>	<b>9,065.09</b>	<b>(64.40)</b>	<b>27,956.36</b>

Particulars	As at March 31, 2019	Cash Flows	Others*	As at March 31, 2020
Debt Securities	2,279.88	(1,911.91)	1.93	369.90
Borrowings other than debt securities	12,643.25	4,930.05	(31.63)	17,541.68
Subordinated Liabilities	905.31	140.00	(1.22)	1,044.09
<b>Total liabilities from financing activities</b>	<b>15,828.45</b>	<b>3,158.15</b>	<b>(30.92)</b>	<b>18,955.67</b>

\* Other includes EIR adjustments

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

##### (A) Contingent Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
In respect of income tax demand where the Company has filed appeal before tax authorities	73.15	73.15
<b>Total</b>	<b>73.15</b>	<b>73.15</b>

Disputed income tax demand is on account of cash deposited during demonitisation period which has been added by the department to income from other source for the assessment year 2017-18. Future cashflows in respect of above is determinable only on receipt of judgement / decisions pending with tax authorities. The company is of the opinion that above demand is not sustainable and expect to succeed in its appeal. The management believes that the ultimate outcome of the proceeding will not have a material adverse effect on the Company's financial position and results of operations.

Subsequent to year end, the Company has received income tax assessment order under section 143(3) for the assessment year 2018-19 on April 23, 2021. Based on the above assessment the department has issued demand notice of Rs. 32.96 millions under section 156. The Company is confident that the above demand is not sustainable and the company will file appeal against the assessment order.

##### (B) Commitments

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous year.

##### (C) Lease Disclosures

###### Operating Lease :

The Company has cancellable operating lease agreements for office spaces. Terms of such lease gives right of cancellation to both the parties. Operating lease rental expenses for short term leases amounts to Rs. 16.67 millions (March 31, 2020 Rs. 19.76 millions) have been debited to statement of Profit and Loss.



The company has applied the practical expedient under IND AS 116, not to assess rent concessions that occur as a direct consequence of COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as they are not lease modifications.

The company has recognised Rs. 1.09 million in statement of profit and loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied practical expedient.

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

(Rs. In millions)	
Particulars	Amount
Balance at April 1, 2019	38.67
Addition during the year	85.42
Less: Depreciation charge for the year	(32.20)
Balance at March 31, 2020	91.89
Addition during the year	22.22
Less: Depreciation charge for the year	(41.22)
<b>Balance at March 31, 2021</b>	<b>72.89</b>

#### Amounts recognised in profit or loss

(Rs. In millions)		
Particulars	March 31, 2021	March 31, 2020
Interest on lease liabilities	10.33	10.02
Variable lease payments not included in the measurement of lease liabilities	-	-
Income from sub-leasing right-of-use assets	-	-
Depreciation charged on right-of-use assets	41.22	32.20
Expenses relating to short-term leases	16.67	19.76
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	-	-
<b>Total</b>	<b>68.22</b>	<b>61.98</b>

#### Amounts recognised in the statement of cash flows

(Rs. In millions)		
Particulars	March 31, 2021	March 31, 2020
Interest paid on Lease liabilities	10.33	10.02
Payment towards Lease liabilities	37.40	25.07
<b>Total cash outflow for leases</b>	<b>47.73</b>	<b>35.09</b>

#### Maturity analysis of lease liabilities

(Rs. In millions)		
Particulars	March 31, 2021	March 31, 2020
Less than one year	48.01	40.56
One to five years	32.42	55.49
More than five years	-	-
<b>Total cash outflow for leases</b>	<b>80.43</b>	<b>96.05</b>



## 42: Related Party Disclosures

### Relationship

Key Management Personnel	<p>Dr. (Mrs.) Kalpanaa Sankar (Managing Director)          Mr. Sitaraman Chandrasekar (Executive Director)          Mr. George Alexander (Investor Director)          Mr. George Muthoot Jacob (Investor Director)          Mr. Kuttickattu Rajappan Bijimon (Investor Director)          Mr. David Arturo Paradiso (Investor Director)          Mr. Subramanian Ananthanarayanan (Independent Director)          Mr. Vadakkakara Antony George (Independent Director)          Mr. Venkataraman Krishnamoorthy (Independent Director)          Mr. Chinnasamy Ganesan (Independent Director)          Mr. L. Muralidharan (Chief Financial Officer)          Mr. Sunil Kumar Sahu (Company Secretary)</p>
Enterprises owned or significantly influenced by key management personnel or their relatives	<p>1. Hand in Hand Consulting Services Pvt Ltd          2. Hand in Hand Inclusive Development &amp; Services          3. Hand in Hand India          4. Hand in Hand Academy for Social Entrepreneurship          5. Socio Economic and Educational Development Trust          6. Muthoot Securities Limited          7. Sahasankha Advisory and Consulting Services Private Limited</p>
Holding Company	Muthoot Finance Limited
Fellow Subsidiary	<p>1. Asia Asset Finance PLC, Sri Lanka          2. Muthoot Homefin (India) Limited.          3. Muthoot Insurance Brokers Private Limited          4. Muthoot Money Limited          (Formerly known as Muthoot Money India Private Limited)          5. Muthoot Asset Management Private Limited          6. Muthoot Trustee Private Limited</p>
Entities holding substantial interest	<p>1. Sarvam Financial Inclusion Trust          (previously known as Sarvam Mutual Benefit Trust, Kancheepuram)          2. Maj Invest Financial Inclusion Fund II K/S</p>
Relatives of Key Management Personnel	<p>1. George Alexander Muthoot          2. George Jacob Muthoot          3. George Thomas Muthoot          4. CV Sankar          5. Bindu Dandapani</p>





## Related Party transactions during the year:

(Rs. In millions)

Particulars	Holding Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Fellow Subsidiary		Entities holding substantial interest		Key Managerial Persons		Relative of Key Managerial Persons	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Towards loan repayment collections, reimbursement of expenses and loan recoveries for employees transferred	-	-	2.02	0.43	-	-	-	-	-	-	-	-
Insurance premium collection paid	-	-	122.58	50.47	-	-	-	-	-	-	-	-
Towards purchase of SHG Loan Portfolio	-	-	-	50.39	-	-	-	-	-	-	-	-
Term loan received	-	-	-	1,250.00	-	-	-	-	-	-	-	-
Term loan repaid	-	-	-	1,210.96	-	-	-	-	-	-	-	-
Subordinated Debts Received	-	-	200.00	-	-	-	-	-	-	-	-	240.00
Subordinated Debts Repaid	-	-	-	-	100.00	-	-	-	-	-	-	-
Issue of equity shares (including share premium)	-	-	-	-	-	-	-	-	-	-	-	-
Services rendered	-	-	16.72	5.46	-	-	-	-	-	-	-	-
Services received	-	-	3.38	26.53	-	-	-	-	-	-	-	-
Dividend paid on Equity Shares	15.76	13.13	0.26	3.29	-	-	6.43	2.29	0.06	0.05	-	-
Interest on NCD paid	-	-	13.86	-	23.32	23.40	-	-	-	-	-	8.65
Interest on paid on term Loan	-	-	-	-	57.22	-	-	-	-	-	-	-
Processing fee on account of term loan availed	-	-	2.00	-	0.98	-	-	-	-	-	-	-
Arranger fee	-	-	0.98	1.20	-	-	-	-	-	-	-	-
Consultancy services availed for training	-	-	19.23	8.19	-	-	-	-	-	-	-	-
Corporate Social Responsibility	-	-	15.00	10.46	-	-	-	-	-	-	-	-
Sitting fee	-	-	-	-	-	-	-	-	4.24	4.36	-	-
<b>Balance outstanding as at the year end:</b>	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payable	-	-	1.61	-	0.28	-	-	-	-	-	-	2.76
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	3.14	0.96	-	-	-	-	-	-	-	-
Term Loan	-	-	-	-	39.04	-	-	-	-	-	-	-
Subordinated Debts	-	-	200.00	-	70.00	170.00	-	-	-	-	-	240.00



## Compensation of key management personnel of the Company:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers all Directors, Chief Financial Officer and Company Secretary as key management personnel for the purposes of IND AS 24 Related Party Disclosures.

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Short-term employee benefits	19.87	23.69
<b>Total</b>	<b>19.87</b>	<b>23.69</b>

The remuneration to the key managerial personnel does not include the provisions made for gratuity, as they are determined on an actuarial basis for the company as a whole.

### 43: Capital

The primary objective of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

RBI has issued guidance on implementation of Indian Accounting Standards vide RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. The Regulatory capital has been computed as per above mentioned RBI notification.

	(Rs. In millions)	
Regulatory Capital	As at Mar 31, 2021	As at Mar 31, 2020
Common Equity Tier1 capital	4,737.08	4,373.55
Other Tier 2 capital instruments	1,594.87	848.67
<b>Total capital</b>	<b>6,331.95</b>	<b>5,222.23</b>
<b>Risk weighted assets</b>	<b>28,469</b>	<b>20,342</b>
CET1 capital ratio	16.64%	21.50%
Total capital ratio	22.24%	25.67%

### 44: Events after reporting date

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

### 45: 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.



(Rs. In millions)			
March 31, 2021	Level 1	Level 2	Level 3
<b>Assets measured at fair value on a recurring basis</b>			
<u>Financial assets at FVOCI</u>			
Loans	-	-	1,034.45

(Rs. In millions)			
March 31, 2020	Level 1	Level 2	Level 3
<b>Assets measured at fair value on a recurring basis</b>			
<u>Financial assets at FVOCI</u>			
Loans	-	-	1,429.36

### Fair value technique

#### Loans at FVOCI

For loans at FVOCI, valuation is done using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

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

(Rs. In millions)							
March 31, 2021	As at April 01, 2020	Issuances and Settlements (Net)	Transfers into Level 3	Transfers from Level 3	Net interest income	Other Comprehensive Income	As at Mar 31, 2021
<u>Financial assets at FVOCI</u>							
Loans	1,429.36	(627.20)			242.13	(9.84)	1,034.45

(Rs. In millions)							
March 31, 2020	As at 01 April 2019	Issuances and Settlements (Net)	Transfers into Level 3	Transfers from Level 3	Net interest income	Other Comprehensive Income	As at March 31, 2020
<u>Financial assets at FVOCI</u>							
Loans	1,239.27	42.82			147.51	(0.25)	1,429.36

III. Impact on fair value of level 3 financial instruments, measured at fair value of changes to key assumptions.

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of loans classified at level 3.

(Rs. In millions)			
Particulars	Level 3 Assets March 31, 2021	Valuation Technique	Significant Unobservable Input
Loans	1,034.45	Discounted Projected cash flow	Discount/Margin Spread



Particulars	Level 3 Assets March 31, 2020	Valuation Technique	(Rs. In millions)
			Significant Unobservable Input
Loans	1,429.36	Discounted Projected cash flow	Discount/Margin Spread

The Company has taken one discount rate to discount the loans. The discount rate taken in March 2021 is 20.86% and in March 2020 is 21.05%.

#### IV. Sensitivity of fair value measurements to changes in unobservable market data

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects.

Particulars	March 31, 2021		March 31, 2020	
	Effect in Other Comprehensive Income		Effect in Other Comprehensive Income	
	Favourable	Unfavourable	Favourable	Unfavourable Loans
	5.03	4.99	6.09	6.09

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

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

Particulars	Note	Level	Carrying Value		Fair Value	
			Mar 2021	Mar 2020	Mar 2021	Mar 2020
<b>Financial assets not measured at fair value</b>						
Cash and cash equivalents	6	1	4,521.23	1,719.28	4,521.23	1,719.28
Bank Balance other than above	7	1	1256.62	1,423.79	1,256.62	1,423.79
Trade receivables	8	3	3.14	1.60	3.14	1.60
Loans	9	3	26,810.82	19,469.76	26,810.82	19,469.76
Other Financial assets	10	3	625.47	872.05	625.47	872.05
<b>Total financial assets</b>			<b>33,217.27</b>	<b>23,486.49</b>	<b>33,217.27</b>	<b>23,486.49</b>
<b>Financial Liabilities not measured at fair value</b>						
Debt Securities	16	2	5,284.95	369.90	5,284.95	369.90
Borrowings (other than debt securities)	17	2	21,032.99	17,541.68	21,032.99	17,541.68
Subordinated Liabilities	18	2	1,638.42	1,044.09	1,638.42	1,044.09
Other Financial liabilities	19	3	1,051.27	975.52	1,051.27	975.52
<b>Financial Liabilities</b>			<b>29,007.63</b>	<b>19,931.18</b>	<b>29,007.63</b>	<b>19,931.18</b>

There have been no transfers between the level 1 and level 2 during the period.



### *V. Valuation methodologies of financial instruments not measured at fair value*

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables

#### *Financial assets at amortised cost*

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

#### *Financial liability at amortised cost*

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

#### *Short term financial assets and liabilities*

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

## **46: Risk Management**

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Board of Directors of the Company are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Company has a risk management policy which covers all the risk associated with its assets and liabilities.

The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company's treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

### **I. Credit Risk**

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances and trade receivables. For a micro finance institution like Belstar, this assumes more significance since the lending that is carried out is not backed by any collaterals.



The credit risk management policy of the Company seeks to have following controls and key metrics that allows credit risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

## Risk Identification

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

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

## Risk assessment and measurement

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

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

## Risk Monitoring

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





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

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

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

## Risk Mitigation

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

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

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

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

## Impairment assessment

The Company is basically engaged in the business of providing loans and access to Credit to the Self Help



Group (SHG) members / Joint Liability Group (JLG) members. The tenure of which is ranging from 12 months to 24 months. Moreover, Company has categorised its loan into two broad categories Micro Enterprise loans (MEL) and others.

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies 3.6

### *Definition of default and cure*

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

### *Company's internal credit rating grades and staging criteria for loans are as follows:*

Rating	Loans Days past due (DPD)	Stages
High grade	Not yet due	Stage I
Standard grade	1-30 DPD	Stage I
Sub-standard grade	30-60 DPD	Stage II
Past due but not impaired	60-89 DPD	Stage II
Individually impaired	90 DPD or More	Stage III

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

The outstanding balance as at the reporting date is considered as EAD by the company.

### **Probability of default (PD)**

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. 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.



Based on its review of macro-economic developments and economic outlook, the Company has analysed various scenarios and applied management estimates on the proposed collection trend for the demand and created an additional COVID 19 provision based on approval from the board .

### **Loss Given Default**

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

LGD Rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

### **Significant Increase in credit risk**

The internal rating model evaluates the loans on an ongoing basis. The rating model also assesses if there has been a significant increase in credit risk since the previously assigned risk grade One key factor that indicates significant increase in credit risk is when contractual payments are more than 30 days past due.

Company's financial assets measured on a collective basis

For Stage 3 assets ECL is calculated on an individual basis. For stages 1 and 2 the internal rating model analysis past trends, income level and other combinations. The loss estimation for these pools is hence done on a collective basis.

## **II. Asset Liability Management**

Asset and Liability Management (ALM) is defined as the practice of managing risks arising due to mismatches in the asset and liabilities. Belstar's funding consists of both long term as well as short term sources with different maturity patterns and varying interest rates. On the other hand, the asset book also comprises of loans of different duration and interest rates. Maturity mismatches are therefore common and has an impact on the liquidity and profitability of the company. It is necessary for Belstar to monitor and manage the assets and liabilities in such a manner to minimize mismatches and keep them within reasonable limits.

The objective of this policy is to create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of Belstar to (a) ascertain in percentage terms the nature and extent of mismatch in different maturity buckets, especially the 1-30/31days bucket, which would indicate the structural liquidity (b) the extent and nature of cumulative mismatch in different buckets indicative of short term dynamic liquidity and (c) the residual maturity pattern of repricing of assets and liabilities which would show the likely impact of movement of interest rate in either direction on profitability. This policy will guide the ALM system in Belstar.



The scope of ALM function can be described as follows:

- Liquidity risk management
- Management of market risks
- Others

#### 46.1. Liquidity Risk

Liquidity is measured by our ability to accommodate decreases in purchased liabilities, and fund increases in assets. In assessing the company's liquidity position, consideration shall be given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds.

The Company maintains a portfolio of marketable assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Company also enters into securitization deals (direct assignment as well as pass through certificates) 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	2021	2020
Year-end	101.16%	110.67%
Maximum	104.62%	116.50%
Minimum	92.25%	98.64%
Average	101.28%	109.12%

Borrowings from banks and financial institutions and issue of debentures are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings

The table below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

#### Maturity pattern of assets and liabilities as on March 31, 2021

(Rs. In millions)

Particulars	Upto 1 month	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 (other than debt securities)	1,186.24	728.41	1,313.74	3,124.03	6,528.92	8,105.88	45.77	-	21,032.99
Debt securities	27.81	-	55.62	145.94	2,484.87	2,570.71	-	-	5,284.95
Subordinated debts	-	-	-	-	-	304.99	685.76	647.67	1,638.42
<b>Total</b>	<b>1,214.05</b>	<b>728.41</b>	<b>1,369.37</b>	<b>3,269.97</b>	<b>9,013.79</b>	<b>10,981.59</b>	<b>731.53</b>	<b>647.67</b>	<b>27,956.36</b>
Cash and bank balance	4,521.23	-	-	-	-	-	-	-	4,521.23
Deposits	81.19	55.00	109.74	22.00	268.88	694.81	25.00	-	1,256.62
Receivables	3.14	-	-	-	-	-	-	-	3.14
Loans	1596.18	1,633.26	1,611.95	4,773.78	8,774.94	9,447.36	-	-	27,837.47
<b>Total</b>	<b>6,201.74</b>	<b>1,688.26</b>	<b>1,721.68</b>	<b>4,795.79</b>	<b>9,043.81</b>	<b>10,142.17</b>	<b>25.00</b>	<b>-</b>	<b>33,618.46</b>



## Maturity pattern of assets and liabilities as on March 31, 2020

(Rs. In millions)

Particulars	Upto 1 month	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 (other than debt securities)	840.08	706.35	1,260.41	2,905.70	4,981.94	6,819.43	27.77	-	17,541.68
Debt securities	78.15	50.00	50.00	78.21	56.62	56.92	-	-	369.90
Subordinated debts	-	-	-	-	99.66	-	304.86	639.57	1,044.09
<b>Total</b>	<b>918.23</b>	<b>756.35</b>	<b>1,310.41</b>	<b>2,983.91</b>	<b>5,138.23</b>	<b>6,876.34</b>	<b>332.63</b>	<b>639.57</b>	<b>18,955.67</b>
Cash and bank balance	1,719.28	-	-	-	-	-	-	-	1,719.28
Deposits	83.00	100.02	27.00	282.43	276.60	598.51	56.24	-	1,423.79
Receivables	1.60	-	-	-	-	-	-	-	1.60
Loans	245.34	237.48	1,318.95	4,359.84	6,493.36	8,233.71	-	-	20,888.68
<b>Total</b>	<b>2,049.23</b>	<b>337.50</b>	<b>1,345.95</b>	<b>4,642.27</b>	<b>6,769.96</b>	<b>8,832.22</b>	<b>56.24</b>	<b>-</b>	<b>24,033.36</b>

### 46.2. Economic Risk

The Covid-19 pandemic has impacted most countries, including India. This resulted in countries announcing lockdown and quarantine measures that sharply stalled economic activity. Several countries took unprecedented fiscal and monetary actions to help alleviate the impact of the crisis.

Government of India had announced various measures to support the economy during this period. The Reserve Bank of India had also announced several measures to ease the financial system stress, including enhancing system liquidity, reducing interest rates, moratorium on loan repayments for borrowers, asset classification standstill benefit to overdue accounts where a moratorium had been granted amongst others to alleviate the economic stress induced by the pandemic which had an impact across sectors that were already showing signs of a slowdown even before the outbreak.

NBFCs were adversely impacted by COVID-related stress due to their underlying business models. On the supply side, the sources of funds dried up, more so for the small and mid-sized NBFCs, on account of reduced risk appetite of lenders for low rated and unrated exposures. The situation was worsened by the unprecedented redemption pressure on the mutual fund industry, resulting in a spike in spreads.

The challenges for the NBFCs have moved from the liability to the asset side in terms of liquidity and asset quality with the outbreak of Covid19. The liquidity covers of NBFCs is largely dependent on collections and the ability to raise resources. The collections of NBFCs witnessed decline during the six month moratorium on the payment of instalments in respect of all term loans to their borrowers for the period from March 1, 2020 to August 31, 2020.

Asset quality may still pose some challenges in the first half of fiscal 2022 with the uncertainty around the economic fallout of the second wave induced localised restrictions being placed in various parts of the Country. However, these challenges are expected to taper as we move towards the second half of fiscal 2022. The uneven recovery being currently observed is expected to be more broad-based later on in the fiscal as well.

### 46.3. Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates and other market changes. The Company is exposed to two types of market risk as follows:





## 46.4. 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, 2021.

The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax affected through the impact on floating rate borrowings, as follows:

Particulars	(Rs. In millions)	
	Effect on Statement of Profit and loss for the year 2020-21	Effect on Statement of Profit and loss for the year 2019-20
0.50% increase	(139.78)	(94.78)
0.50% decrease	139.78	94.78



## 46.5. 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.

## 46.6. Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate mortgages when interest rates fall.

## III. Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

## 47: 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.

## 48: Expenditure in Foreign Currency

"A. Foreign Currency Expenditure The total foreign travel expenditure for the year ended as on 31 March 2021 is Rs. Nil (PY Nil). B. Unhedged Foreign Currency The Company did not have any unhedged Foreign currency exposure as at 31 March 2021 is Rs. Nil (PY Nil)."

## 49: 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".



## 50: Additional Disclosures pursuant to Reserve Bank of India Directions

### A. Disclosure Pursuant to Reserve Bank of India D NBS.193 DG (VL) – 2007 dated 22 February 2007:

(Rs. In millions)

S. No	Particulars	As at March 31, 2020		As at March 31, 2019	
		Amount Outstanding	Amount Over Due	Amount Outstanding	Amount Over Due
	Liabilities :	-	-		
1	<b>Loans and advances availed by the NBFC inclusive of interest accrued thereon not paid:</b>	-	-		
(a)	Debentures & Preference shares			-	
	- Secured	5,227.93	-	200.00	-
	- Unsecured	1,446.67	-	965.41	-
	(Other than falling within the meaning of Public deposits)	-	-		
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	20,990.42	-	16,245.37	-
(d)	Inter-Corporate Loans and Borrowings	-	-	-	-
(e)	Commercial Paper	-	-	-	-
(f)	Other Loans (Nature of other Loans, CC etc.)	291.34	-	1,544.89	-



(Rs. in millions)

S. No	Particulars	As at Mar 31, 2021	As at Mar 31, 2020
	<b>Assets</b>		
2	<b>Breakup of Loans and Advances including Bills Receivables [Other than those included in (3) below ] :</b>		
(a)	Secured	0.88	-
(b)	Unsecured (including Interest accrued and Loans to staff)	28,816.81	21,257.47
3	<b>Break up of Leased Assets and Stock on Hire and other Assets counting towards AFC activities.</b>		
(i)	Leased Assets including Leased Rentals Accrued and Due:		
(a)	Financial Lease	-	-
(b)	Operating Lease	-	-
(ii)	Stock on hire 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	<b>Breakup of investments</b>		
	Current Investments		
I	Quoted:		
(i)	Shares : (a) Equity	-	-
(b)	Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Others (Please Specify)	-	-
II	Unquoted:		
(i)	Shares : (a) Equity	-	-
(b)	Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Others (Please Specify)	-	-
	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)	Others (Please Specify)	-	-



(Rs. In millions)

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

S. No	Category	Net of provisions as at March 31, 2021			Net of provisions as at March 31, 2020		
		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	0.88	27,836.59	27,837.47	-	20,888.68	20,888.68
	<b>Total</b>	<b>0.88</b>	<b>27,836.59</b>	<b>27,837.47</b>	<b>-</b>	<b>20,888.68</b>	<b>20,888.68</b>

## 6 Investor Group-Wise classification of all Investments (Current and Long-term) in shares and securities (both quoted and unquoted) :

Category	As at March 31, 2021		As at March 31, 2020	
	Market value / Breakup Value or Fair Value or Net Asset Value	Book Value (Net of Provisioning)	Market value / Breakup Value or Fair Value or Net Asset Value	Book Value (Net of Provisioning)
1 Related Parties	-	-	-	-
(a) Subsidiaries	-	-	-	-
(b) Companies in the Same Group	-	-	-	-
(c) Other Related Parties	-	-	-	-
2 Other than Related Parties	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Rs. In millions)

7 Other Information		Amount outstanding as at March 31, 2021	Amount outstanding as at March 31, 2020
		(i) Gross Non-Performing Assets	Related Parties
	Other than Related Parties	783.18	235.84
(ii) Net Non-Performing Assets	Related Parties	-	-
	Other than Related Parties	165.50	19.53
(iii) Assets Acquired in Satisfaction Debt	Related Parties	-	-
	Other than Related Parties	-	-





**B. Disclosure pursuant to RBI Notification DNBS.200/CGM (PK)-125/03.05.00/2008 dated August 01, 2008**

(Rs. In millions)

Category	As at Mar 31, 2021	As at Mar 31, 2020
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; (Individual housing loans up to Rs. 15 lakh may be shown separately)	-	-
(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 Mortgage -	-	
b. Commercial Real Estate -	-	
B) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies	-	-

**C. Disclosure pursuant to RBI guidelines on Securitisation DNBR (PD) CC. No.002/03.10.001/2014-15 dated November 10, 2014 the details of securitisation are given below**

(Rs. In millions)

Particulars	March 31, 2021	March 31, 2020
No. of SPVs sponsored by the NBFC for securitisation transaction	1	10
Total amount of securitised assets as per books of the SPVs sponsored	6.16	1,543.62
Total amount of exposures retained by the NBFC to company with MRR as on the date of Balance sheet		
a) Off-Balance sheet exposures		
First loss		
Others		
b) On-Balance sheet exposures		
First Loss	41.00	379.13
Others	69.12	688.52
Amount of exposures to securitisation transactions other than MRR		
a) Off-Balance sheet exposures		
i) Exposure to own securitisations	-	-
First loss	-	-
Loss	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-Balance sheet exposures		
i) Exposure to own securitisations		
First loss	-	-
Others	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-



## Details of Assignment Transactions undertaken:-

Particulars	March 31, 2021	March 31, 2020
i) Total number of loan assets assigned during the year	1,47,040	2,90,012
ii) Book value of loan assets assigned during the year (Rs. In millions)	3,514.97	7,807.89
iii) Sale consideration received during the year (Rs. In millions)	3,163.54	6,769.28
vi) Income recognised in statement of profit and loss (Rs. In millions)	31.86	266.76

## D. Disclosure pursuant to RBI Notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 31, 2021

(Rs. In millions)

Asset classification as per RBI norms	Asset classification as per IND AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
<b>Performing asset</b>	Stage 1	27,699.09	264.75	27,434.34	191.17	73.58
Standard	Stage 2	335.41	97.78	237.64	3.22	94.56
<b>Subtotal</b>		28,034.50	362.53	27,671.97	194.39	168.14
<b>Non-Performing asset (NPA)</b>						
Substandard	Stage 3	783.18	617.69	165.50	269.39	348.30
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		783.18	617.69	165.50	269.39	348.30
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Subtotal</b>						
<b>Total</b>	<b>Stage 1</b>	27,699.09	264.75	27,434.34	191.17	73.58
	<b>Stage 2</b>	335.41	97.78	237.64	3.22	94.56
	<b>Stage 3</b>	783.18	617.69	165.50	269.39	348.30
	<b>Total</b>	28,817.69	980.22	27,837.47	463.78	516.44



D. Disclosure pursuant to RBI Notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 31, 2020

(Rs. 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	Stage 1	20,966.30	151.83	20,814.47	89.93	61.90
Standard	Stage 2	55.33	0.66	54.66	0.38	0.28
<b>Subtotal</b>		<b>21,021.63</b>	<b>152.49</b>	<b>20,869.14</b>	<b>90.31</b>	<b>62.19</b>
<b>Non-Performing asset (NPA)</b>						
Substandard	Stage 3	235.84	216.30	19.53	110.69	105.61
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		<b>235.84</b>	<b>216.30</b>	<b>19.53</b>	<b>110.69</b>	<b>105.61</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
<b>Total</b>	<b>Stage 1</b>	<b>20,966.30</b>	<b>151.83</b>	<b>20,814.47</b>	<b>89.93</b>	<b>61.90</b>
	<b>Stage 2</b>	<b>55.33</b>	<b>0.66</b>	<b>54.66</b>	<b>0.38</b>	<b>0.28</b>
	<b>Stage 3</b>	<b>235.84</b>	<b>216.30</b>	<b>19.53</b>	<b>110.69</b>	<b>105.61</b>
	<b>Total</b>	<b>21,257.47</b>	<b>368.79</b>	<b>20,888.67</b>	<b>201.00</b>	<b>167.79</b>

As per guidance on implementation of Indian Accounting Standards vide RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. Since the impairment allowance under IND AS 109 is higher than the provisioning required under IRACP (including standard asset provisioning), the Company has not created any Impairment Reserve.



Particulars	As at Mar 31, 2021	As at Mar 31, 2020
(I) Respective amounts in SMA/overdue categories, where moratorium/deferment was extended	22.01	5.02
(ii) Respective amount where asset classification benefits is extended	42.46	45.28
(iii) General Provisions Made *	-	-
(iv) General provision adjusted during the period against slippages and the residual provisions	-	-

\* The Company, being NBFC-MFI, has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments. Refer Note 9

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

Type of Borrower	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan*
Personal Loans	-	-	-	-	-
Corporate Persons	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	50,144.00	715.15	-	-	71.76
<b>Total</b>	<b>50,144.00</b>	<b>715.15</b>	<b>-</b>	<b>-</b>	<b>71.76</b>

\* Provisions given above are total ECL calculated as per Ind AS  
The Company, being NBFC, has complied with Ind-AS and its Expected Credit Loss policy duly approved by the Board for the purpose of provision on such restructured accounts.





G. Disclosure on restructuring pursuant to Reserve Bank of India notification DNBS.CO. PD. No. 367/03.10.01/2013-14 dated 23rd January 2014 (Rs. In Million)

S.No.	Type of Restructuring	Under CDR Mechanism			Under SME Debt Restructuring Mechanism			Others			Total
		Low Credit Risk & Significant increase in credit risk	Credit Impaired	Total	Low Credit Risk & Significant increase in credit risk	Credit Impaired	Total	Low Credit Risk & Significant increase in credit risk	Credit Impaired	Total	
Asset Classification Details											
1	Restructured accounts as on 1st Apr 2020 (opening figures) *	No. of Borrowers	-	-	-	-	-	-	-	-	-
		Amount of Outstanding	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-
2	Fresh Restructuring during the year	No. of Borrowers	20,805.00	29,339.00	50,144.00	20,805.00	20,805.00	29,339.00	29,339.00	50,144.00	715.15
		Amount of Outstanding	320.94	394.21	715.15	320.94	320.94	394.21	394.21	715.15	73.16
		Provision Thereon	32.79	40.37	73.16	32.79	32.79	40.37	40.37	73.16	-
3	Upgradations restructured standard category during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-
		Amount of Outstanding	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional	No. of Borrowers	-	-	-	-	-	-	-	-	-
		Amount of Outstanding	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the financial year	No. of Borrowers	-	-	-	-	-	-	-	-	-
		Amount of Outstanding	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-
6	Closed Restructured accounts during the financial year	No. of Borrowers	4,035.00	-	4,035.00	4,035.00	4,035.00	-	-	4,035.00	-
		Amount of Outstanding	54.07	-	54.07	54.07	54.07	-	-	54.07	-
		Provision Thereon	5.53	-	5.53	5.53	5.53	-	-	5.53	-
7	Restructured accounts collected during the financial year	No. of Borrowers	-	-	-	-	-	-	-	-	-
		Amount of Outstanding	22.32	10.16	32.47	22.32	22.32	10.16	10.16	32.47	-
		Provision Thereon	0.56	(4.68)	(4.13)	0.56	0.56	(4.68)	(4.68)	(4.13)	-
8	Write off restructured accounts during the financial year	No. of Borrowers	-	-	-	-	-	-	-	-	-
		Amount of Outstanding	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-
9	Restructured accounts as on 31st March 2021	No. of Borrowers	16,770.00	29,339.00	46,109.00	16,770.00	16,770.00	29,339.00	29,339.00	46,109.00	628.61
		Amount of Outstanding	244.55	384.06	628.61	244.55	244.55	384.06	384.06	628.61	71.76
		Provision Thereon	26.70	45.06	71.76	26.70	26.70	45.06	45.06	71.76	-

\* Excluding the figures the standard restructured accounts which do not attract higher provisioning or risk weight (if applicable)



## Provisions and Contingencies

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss		
Provision towards non-performing assets*	401.39	28.75
Provision made towards income tax	261.36	291.45
Provision for gratuity	12.11	9.93
Provision for standard assets#	210.04	76.05
Provision for other assets	(1.11)	(3.04)

\* Represents impairment loss allowance on stage 3 loans.

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

## 51: Fraud

Disclosure of Frauds reported during the year to RBI vide DNBS PD.CC NO. 256 / 03.10.042 / 2012 -13 dated March 02, 2012:

(Rs. In millions)

Particulars	March 31, 2021	March 31, 2020
Number of frauds reported during the year to Reserve Bank of India	3	1
Amount involved in such frauds and provided for	1.22	0.64
<b>Total</b>	<b>1.22</b>	<b>0.64</b>

## 52: RBI Compliance

Company has ensured guidelines prescribed by RBI vide its Master Direction DNBR. PD.008/03.10.119/2016-17 dated September 01, 2016 (as amended from time to time) is being complied. During current year, 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. Following Key aspects as per Ind AS were complied as per above guidance.

- Adherence to IRACP and ECL norms as prescribed by RBI.
- Computation of Capital Adequacy Ratio by ensuring compliance above the prescribed RBI norms.
- Adherence to the Asset and the Income Pattern of the Company as per RBI norms.
- Adherence to the Qualifying Assets Criteria of the Company as per RBI norms.
- Margin Cap of the Company as on 31 March 2021 is 9.99% (March 31, 2020: 9.36%).
- RBI circular dated April 07, 2021 advised all lending institutions to immediately put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 01, 2020 to August 31, 2020. Since the Company has not charged interest on interest to borrowers during such period, the above circular is not applicable.

## 53: Exposures

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous year.



## 54: Rating

Ratings assigned by credit rating agencies

Instrument	As at March 31, 2021		As at March 31, 2020	
	Rating agency	Rating/Grading	Rating agency	Rating/Grading
Long Term Bank Facilities	CRISIL	CRISIL AA-	CRISIL	CRISIL A+
Non-Convertible Debentures	CARE	CARE A+	CARE	CARE A+
Non-Convertible Debentures	CRISIL	CRISIL AA-	CRISIL	CRISIL A+
Subordinated Debts	ICRA	ICRA A	ICRA	ICRA A
MFI Grading	CART	MFI 1	CART	MFI 1

## 55: Customer complaints

SI No	Particular	As at March 31, 2021	As at March 31, 2020
1	No. of complaints pending as at the beginning of the year	-	6
2	No. of complaints received during the year	232	249
3	No. of complaints redressed during the year	229	255
4	No. of complaints pending as at the end of the year	3	-

## 56: Previous year comparatives

Previous year's figures have been regrouped / reclassified, wherever considered necessary, to conform with current year's presentation.

Notes on accounts form part of final accounts  
As per our Report of even date attached

For and on behalf of the Board of Directors

**For M/s. N. Sankaran & Co**  
Chartered Accountants  
Firm Regn. No 003590S

Sd/  
**M N Prabhakar**  
Partner  
M.No. 207188

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

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

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

Sd/  
**Sunil Kumar Sahu**  
Company Secretary

Place : Chennai  
Date : April 29, 2021





## Belstar Microfinance Limited

(Formerly Belstar Investment and Finance Private Limited)

**Registered Office:**

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

**Phone No:**

+91-44-43414567

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

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

**Corporate Office:**

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