



BELSTAR MICROFINANCE LIMITED

A subsidiary of Muthoot Finance Limited

Creating livelihoods....transforming lives



GROW WITH BELSTAR

Business Update – March 2023



This presentation may include statements, which may constitute forward-looking statements. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, business development, market position, expenditures, and financial results, are forward looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements.

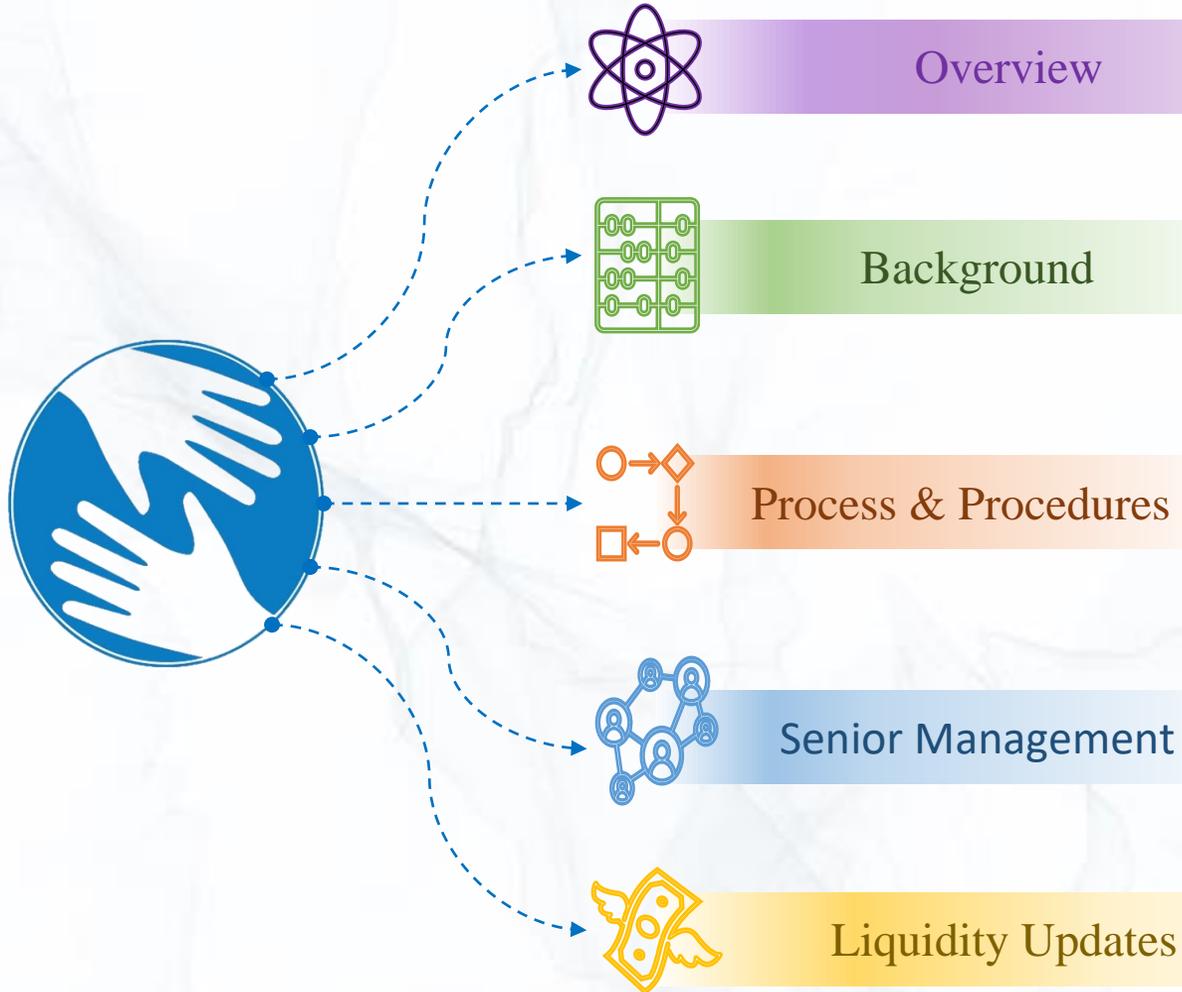
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RATED AS "AA- STABLE" RATING BY CRISIL WITH POSITIVE OUTLOOK

Currently HIGHEST rated NBFC MFI in the country. Registered as NBFC – MFI NDSI with RBI. Recently the outlook revised to positive

FINANCIALLY STRONG

Higher CRAR of 21.97% & Profitable from the initiation



SUBSIDIARY OF MUTHOOT FINANCE

Subsidiary of the largest Gold loan provider of the country

GOOD GOVERNANCE

Professionally managed by the Promoter and well renowned highly qualified Board



OUR VISION

To be a socially responsible, microfinance institution working towards entrepreneurship and economic empowerment of women and achieving double bottom line (Economic and Social empowerment)

OUR MISSION

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

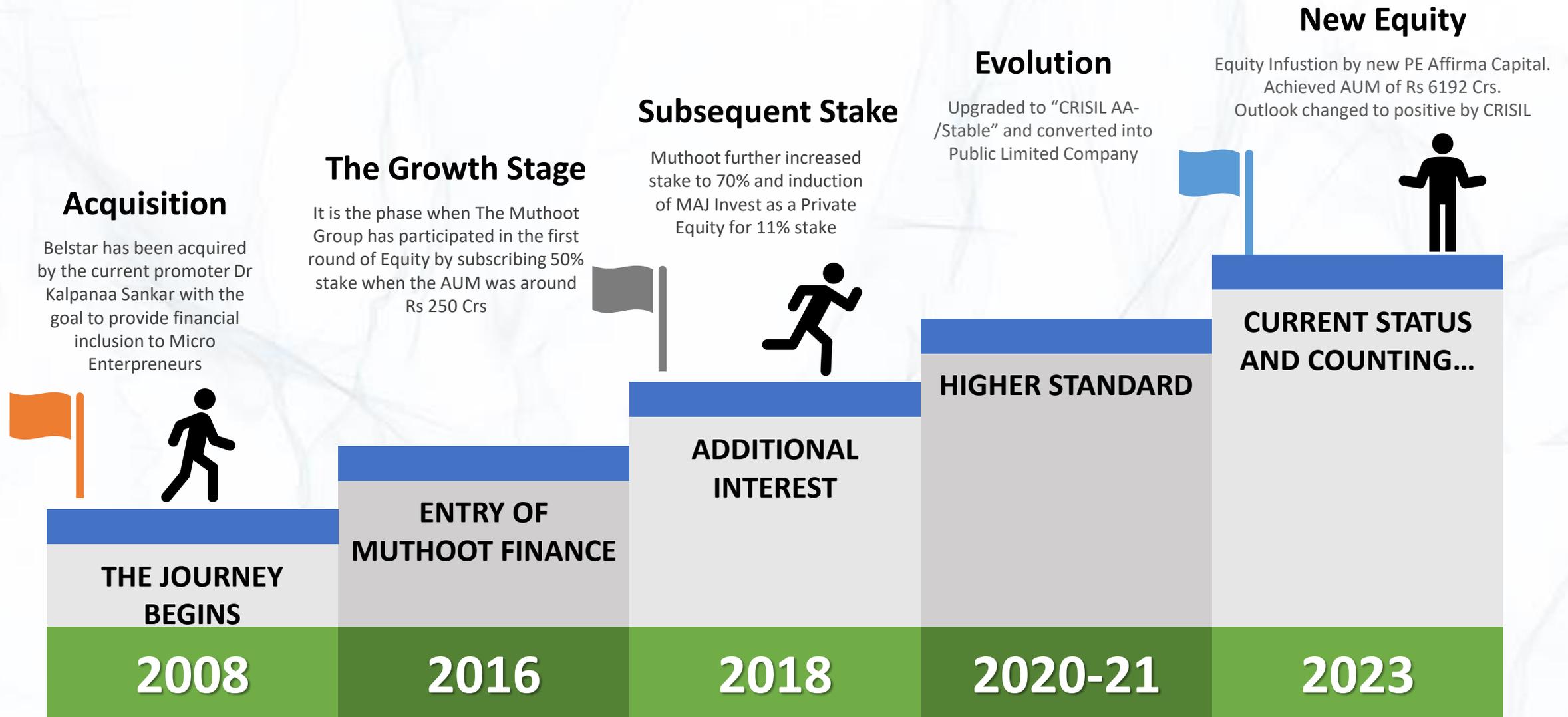


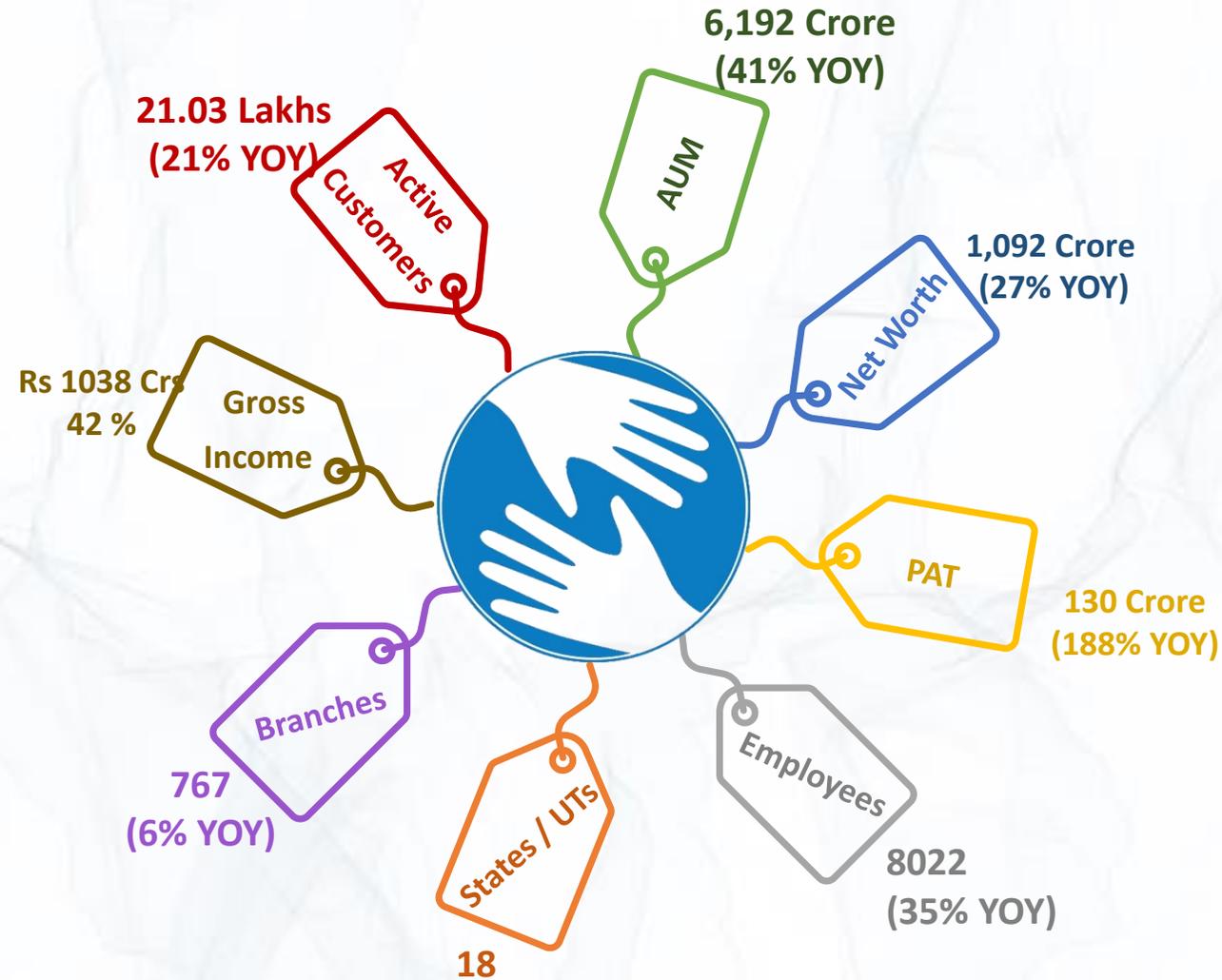
OUR GOAL

To provide digital finance inclusion to microentrepreneurs

OUR VALUES

Integrity, Professionalism, Accountability, Transparency, Team work, Empathy & Passion







Instrument	Rating Agency	Rating/Grading	
		FY 23	FY 22
Long Term Bank Facilities # @	CRISIL	CRISIL AA- (Outlook revised to Positive from Stable)	CRISIL AA-
Non-Convertible Debentures # @	CRISIL	CRISIL AA- (Outlook revised to Positive from Stable)	CRISIL AA-
Non-Convertible Debentures \$	CARE	CARE AA-	CARE A+
COCA- Highest Rating *	CART	CART C1	CARTC1
Subordinated Debts \$	CARE	CARE AA-	CARE A+
MFI Grading- Highest Rating*	CARE	MFR 1	MFR 1
Social Rating	MFR	A-	A-
Client Protection*	MFR	Gold	Gold

- * - Highest rating in the rating scale
- # - Highest rating by an NBFC – MFI as on date
- \$ - upgraded during the year
- @ - Revision in rating outlook



Successfully raised Equity

The Company has raised Rs 110 Crs Equity from the existing and New PE Investor during the year. Onboarded New Private Equity firm Affirma Capital to Belstar



01

COMPLETION OF
EQUITY ROUND

CLIENT
PROTECTION
RATING

02



Strong performance

Highest Profit in the company's history of Rs 130 Crs for the year ended March 2023



SME AWARD

04



Robust growth

Achieved growth of 41 % (YoY) on AUM

GROWTH
&
PERFORMANCE

03



Successful Migration for growth

The company has migrated to a new software to augment the growth for organisation



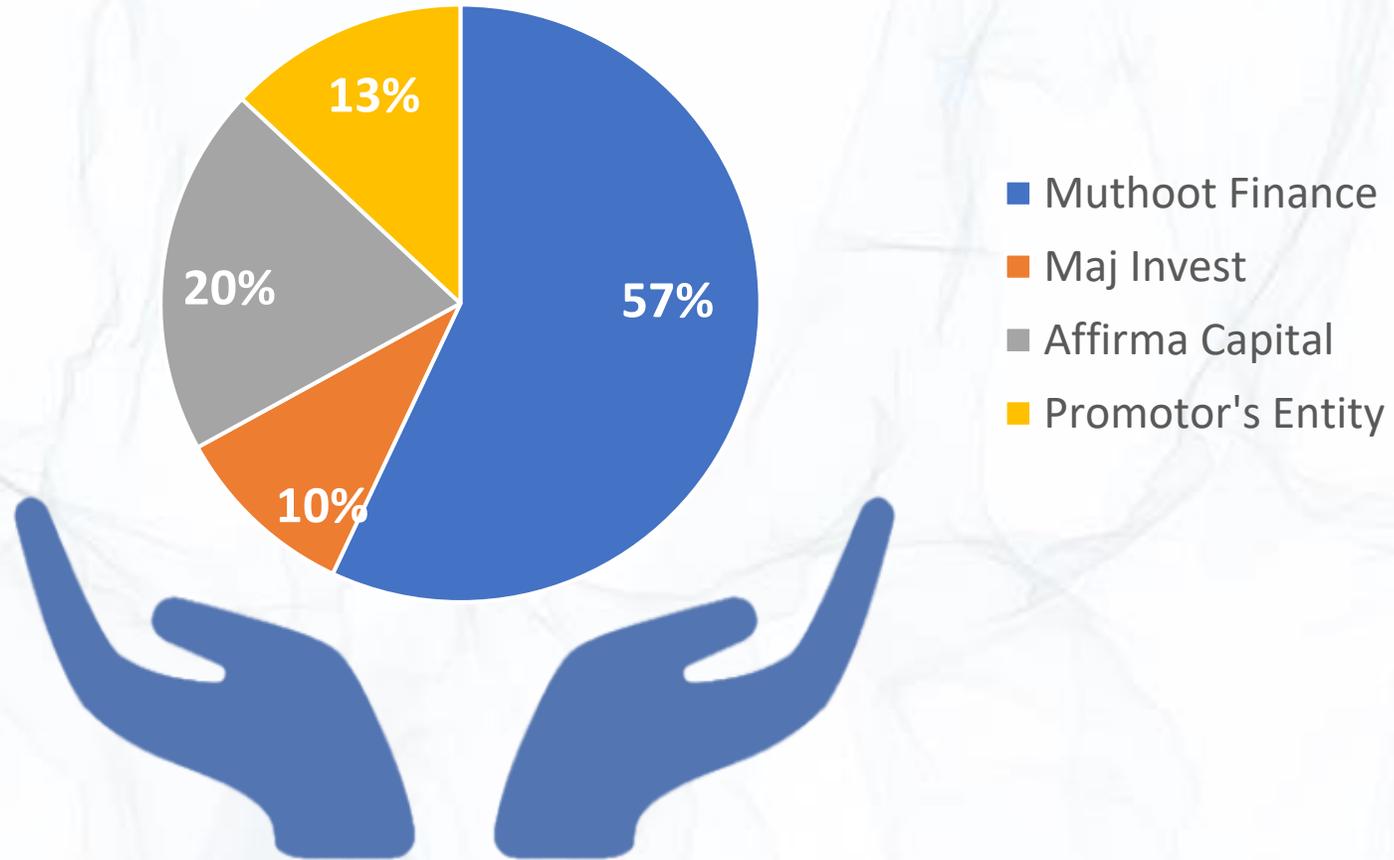
Stage wise ECL Abstract	EAD	ECL	ECL %
Stage I	4,576.03	3.08	0.07%
Stage II	31.73	8.67	27.31%
Stage III	114.48	83.96	73.34%
TOTAL	4,722.24	95.70	2.03%

NPA	Dec'22		Mar'23	
	Rs. In Crore	%	Rs. In Crore	%
Gross NPA	329	7.37%	114	2.42%
Provision for NPA	244	73.98%	84	73.34%
Net NPA	86	2.03%	31	0.66%

Provision as per IRAC Norms as on Mar'23 Rs. 78.91 Crore (1.67%)

The Gross NPA (Stage 3) is 2.42%
NNPA is 0.66%

The company has demonstrated strong portfolio quality as on March 2023 with just 0.66% of NNPA





Muthoot Finance

Largest Gold Loan NBFC with 180 Tonnes of Gold Jewellery which is kept as security.

Trusted pan-India brand in the gold loans sector, revolutionised India's Gold banking

Muthoot Finance Limited holds 57% of the shareholding and is the holding company.

Summary of Muthoot Finance Limited as on 31st March 2023 is as follows:

- 136 year of existence
- Rated AA+ on Long Term (Bank Loans)
- Rs 63,209 Crs Assets under Management
- 27,000+ Employees
- 4,700+ Branches
- 29 States



HAND IN HAND INDIA (HIH), an NGO and Belstar share the same logo. Dr. Kalpanaa Sankar is also the Managing Trustee of Hand in Hand India. Belstar leverages on HIHs strengths in the areas of training, women's development activities and CSR activities. The achievements of Hand in Hand are listed below:



5.3 Million
Jobs created



8,70,595 provided with
healthcare access



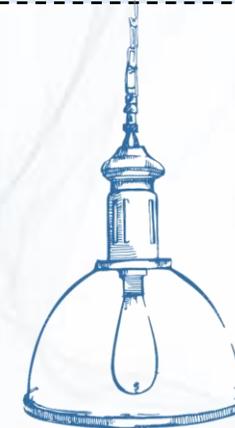
1,65,954 women trained
in various skills



482 Villages
uplifted



6,53,376 households
segregate & recycle waste



29,308 farmers trained in
organic farming



3,55,048 children
enrolled in schools



Recent recognitions



Nari Shakti Puraskar-2016 (from the Hon'ble President of India and Ministry of Women & Child)

Pradhan Mantri Bal Kalyan Puraskar(for her leadership in Hand in Hand India and dedicated work towards child welfare and education)

Princess Sabeeka Bint Ibrahim Al- Khalifa Global Award- 2019 (instituted by Kingdom of Bahrain and UN Women)

Women Transforming India- 2019 (Award from NITI Aayog & United Nations India from the Hon'ble Defense Minister of India)

Dr. Kalpanaa Sankar is the Managing Director of Belstar Microfinance Limited. She holds doctorates in nuclear physics and gender studies respectively. Passionate about the empowerment of women. She has been pivotal in replicating the model globally across 8 countries and across 18 states in India. She 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. She has authored publications on child labour, microfinance and self-help groups. Dr Kalpanaa Sankar is also the Managing Trustee of Hand in Hand India and has been with the organization since 2004, being one of its co-founders. She 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.



- Danish Asset management Company with USD 11 Billion
- Is a spin off from a Danish Pension Fund
- More than 100 large institution clients & 38,000 Private Investors

International Private Equity – Financial Inclusion					
Funds	Vintage	Commitment	Focus	Investments	Status
Danish Microfinance Partners K/S	2010	USD 65m	Tier 1 financial institutions	6 companies	Fully invested
Maj Invest Financial Inclusion Fund II K/S	2015	USD 137m	Tier 1 financial institutions	7 companies	Investing
Maj Invest Financial Inclusion Fund III K/S	2019	Target USD 300m	Tier 1 financial institutions	10–12 companies	Fundraising



- **Private Equity with USD 3.5 Billion**
- **Is a spin off from Standard Chartered Private equity**

Affirma Capital is an independent emerging market private equity firm owned and operated by the former senior leadership of Standard Chartered Private Equity. It currently manages over US\$3.5 billion in assets for leading global limited partners and sovereign wealth funds. Affirma Capital has offices in Singapore, Shanghai, Johannesburg, Dubai, Mumbai, and Seoul.

Affirma Capital helps build and nurture national and regional champions by investing in companies backed by strong management teams and founders. Throughout its 19-year history of investing in emerging markets, it has deployed over US\$6 billion in 100+ companies across Asia, Africa and the Middle East, and has returned over US\$6 billion in cash proceeds to its investors at highly attractive rates of return.

Augusta Investments Zero Pte Ltd & Arum Holding Ltd is an affiliate entity of Affirma Capital.

Strong Governance & Experienced Board – Independent Directors



BELSTAR MICROFINANCE LIMITED

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The Company which has transparency as one of its core values, has always had highly seasoned bankers and expert professionals from various fields in the financial sectors, on its Board. The present list of Independent Directors are:



Mr. Subramanian A

- 40+ Years of Banking experience
- Former ED of Indian Bank
- Was GM in OBC in-charge of Treasury



Mr. V A George

- 40+ Years of Corporate experience
- Was a member of Advisory Committee of RBI, Past Chairman of Equipment leasing association.
- Alumni of IMD Lausanne and INSEAD France



Mr. Chinnasamy Ganesan

- 32 + years of experience in Audit
- Former Director in networking firm of PwC & Partner in KPMG
- **“Jewel of India”** awardee from Intl Business Council
- Closely associated with ICAI and various chambers of Commerce, Industry Association and Universities



Mr. K .Venkataraman

- 40+ years of Banking experience
- Ex MD & CEO of KVB, 3 Decades with SBI
- Was Chairman for FEDAI, Member on Commission on Banking Techniques, Intl Chamber of Commerce, France
- Part-time Non-Executive Chairman of Coastal Local Area Bank

Strong Governance & Experienced Board – Investor Directors



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**Mr. Siva
Vadivelazhagan**

Executive Management program from Harvard Business School. He has worked in several countries across the Asia-Pacific region, including India, China, Indonesia, among others. Prior to being Investment Principal at Maj Invest, he had successful stints at Triple Jump BV (Netherlands), Incofin (Belgium) and Deloitte (India). His portfolio companies in Maj Invest include SAVE Solutions, Berar Finance Limited, Finova Capital and FlexiLoans.



Mr. George M Jacob

A Management graduate from Cass Business School (London) & LLM in International Economic Law from the university of Wavrick, Coventry, UK. ED at The Muthoot Group and manages Legal, Corporate Affairs & Marketing.



Mr. K.R. Bijimon
Chartered Accountant

ED of The Muthoot Group. Oversees credit & operation of Zonal offices, Internal Audit, Marketing, IT & Vigilance divisions. He is also COO for the global operations of Muthoot Group.



Mr. George Alexander

MBA -University of North Carolina Kenan & Flagler Business School. ED of The Muthoot Group. Take care of operations in the state of Karnataka & monitoring the global operation of the Muthoot Group in the US.

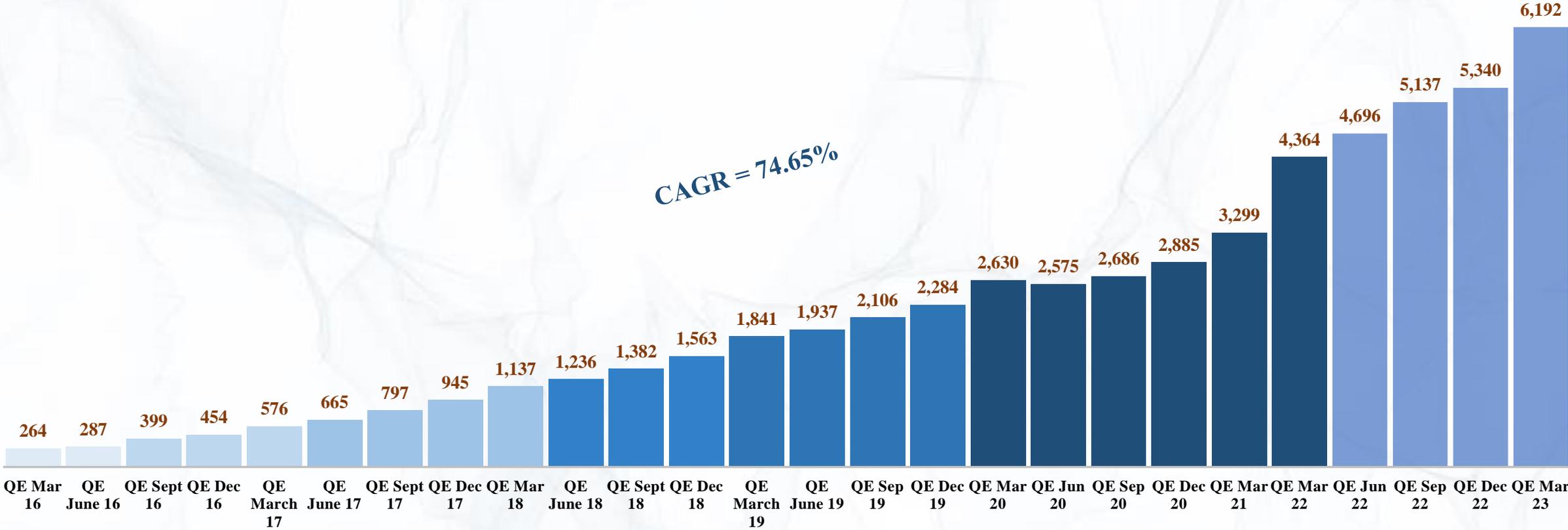


**Mr. Vijay Nallan
Chakravarthi**

MBA from the Kellogg School of Management, MS from The Ohio State University. 20+ yrs experience. MD in the Indian team of Affirma Capital.

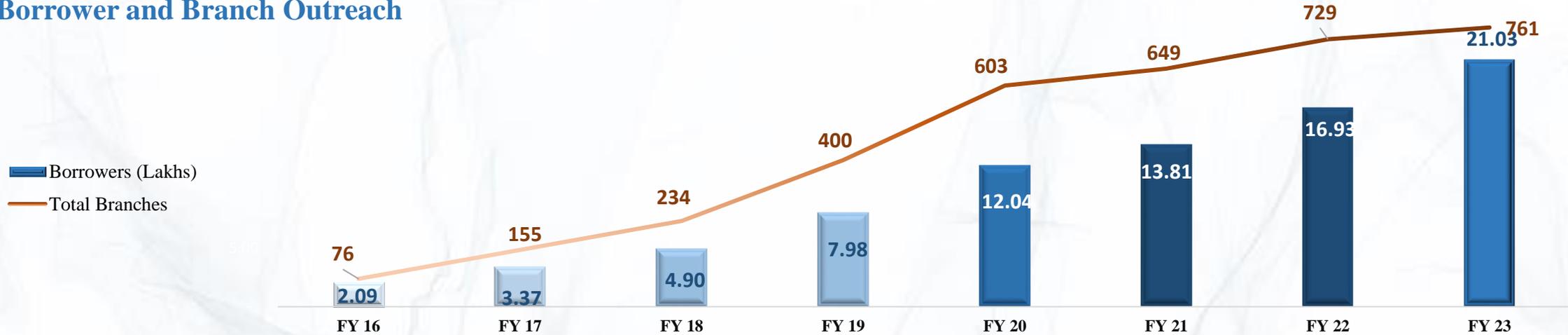


Quarterly Gross Portfolio Growth over the Years (in Rs. Crs)

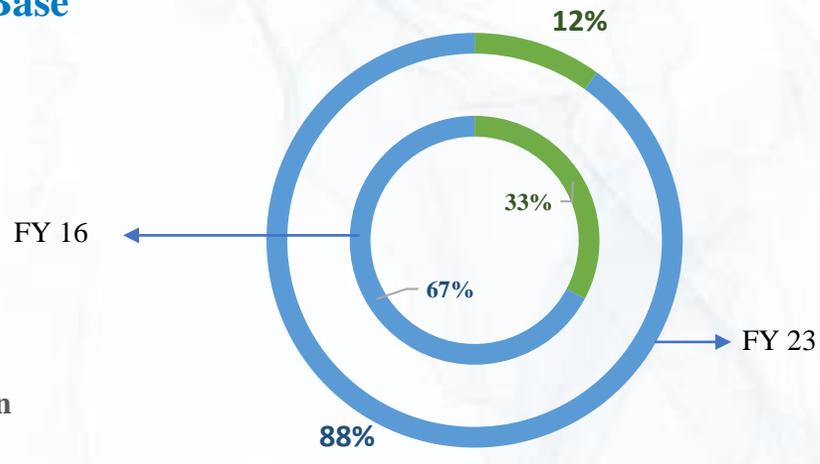




Borrower and Branch Outreach



Borrower Base



100% women borrowers

Predominantly rural outreach

We do not have exposure to migrant workers, whose income level is impacted on COVID 19

Predominately the borrowers are engaged in agriculture and allied agriculture



Branch Collection Model

The branch collection model minimizes risk of potential frauds by SOs and is preferred by both customers and employees alike

Credit Plus Initiative

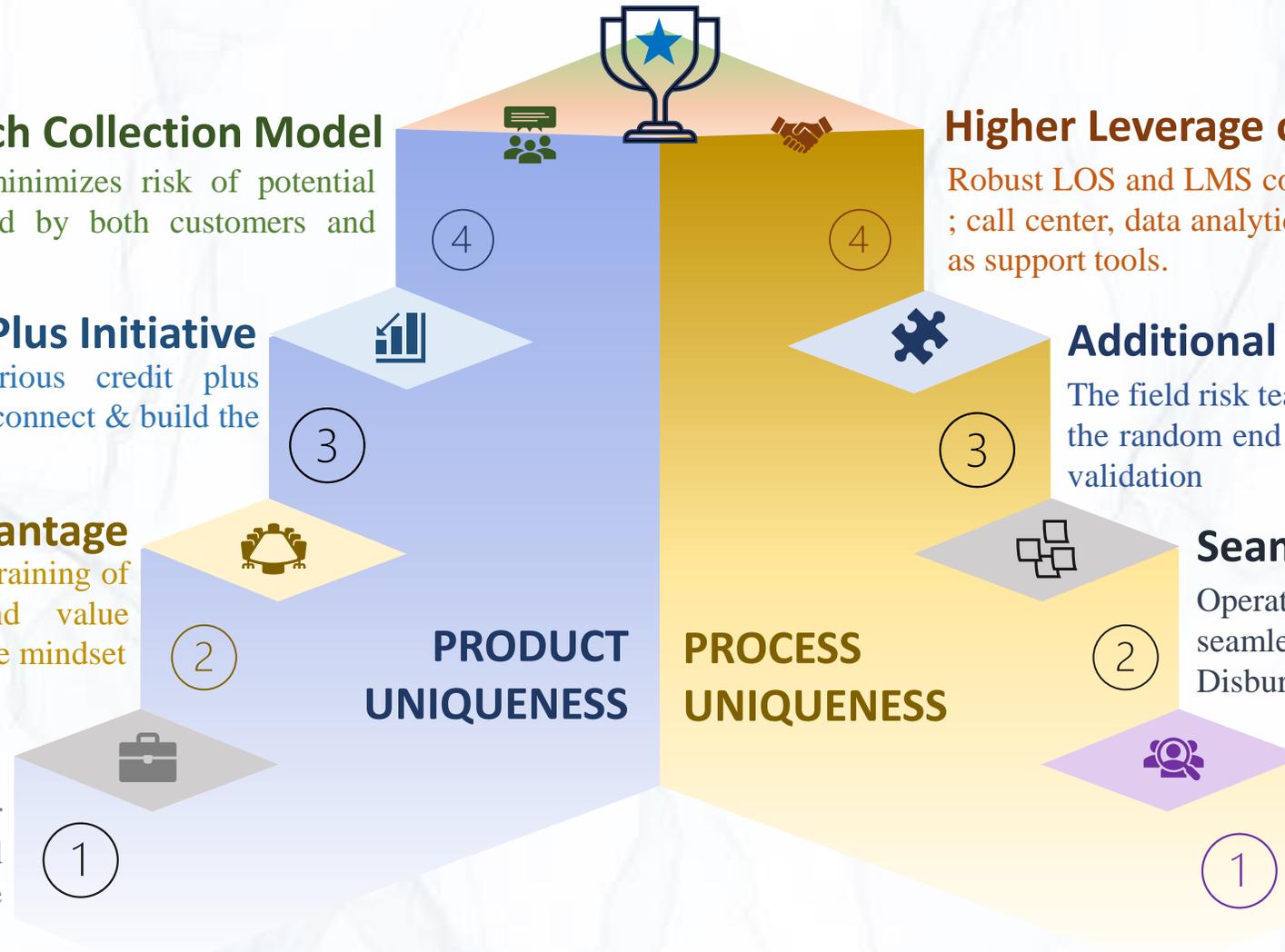
The company undertakes various credit plus initiatives to establish customer connect & build the brand image

HIH Parantage

Provides support in conducting training of group and staff; The brand value established in the customer image mindset

ONLY SHG IN MFI

We traditionally operate under the SHG Model but present and only NBFC MFI to follow the SHG model in the country



Higher Leverage on Tech

Robust LOS and LMS coupled with TAB usage by field staff ; call center, data analytics and HRMS/ Training applications as support tools.

Additional Risk Layer

The field risk team which is the additional layer does the random end use verification & pre disbursement validation

Seamless operationflow

Operation process driven stagewise and seamless flow from onboarding to Disbursement

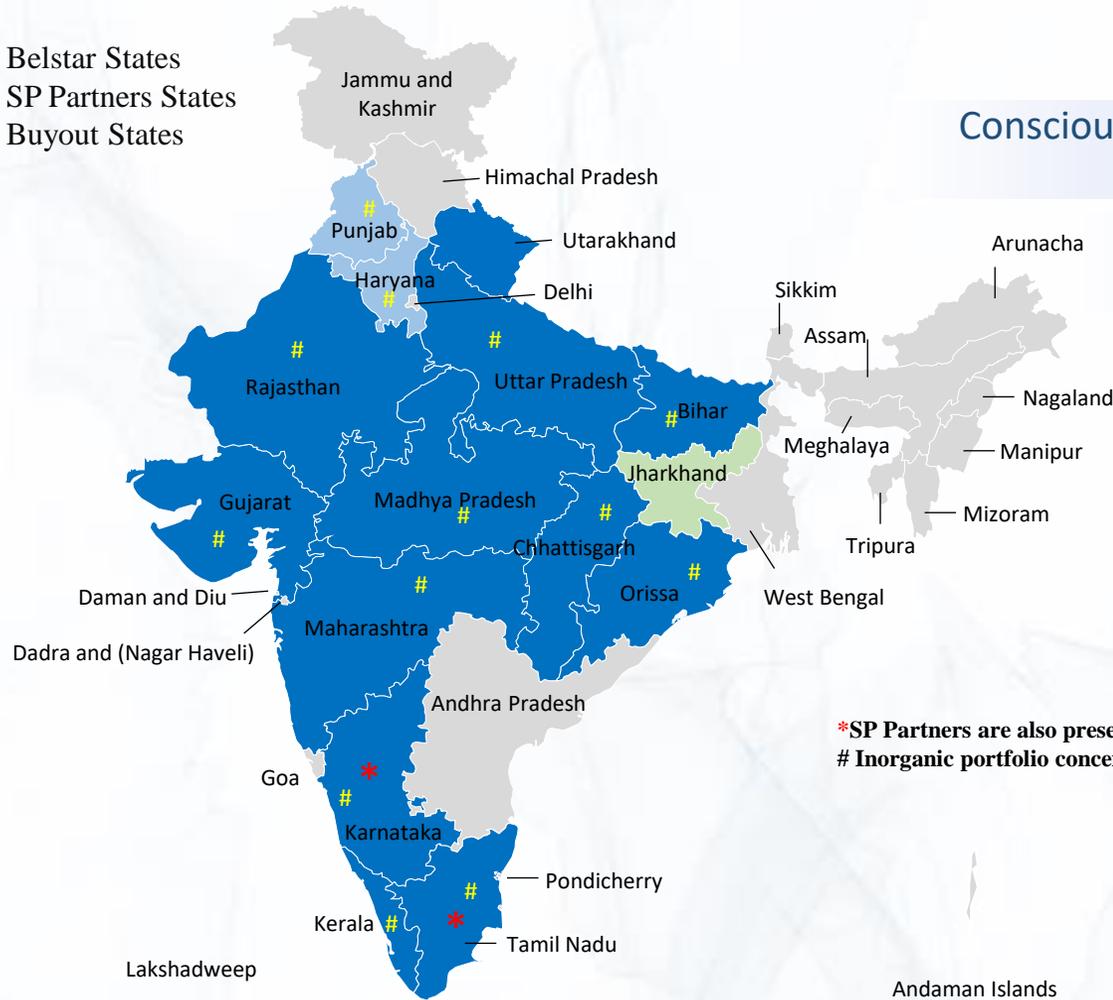
Quicker TAT

Quick Loan disbursements: We typically disburse a JLG loan in 3-4 days as opposed to 7-8 days taken by some of the other MFI players



Operations in 18 States/UT

- - Belstar States
- - SP Partners States
- - Buyout States



*SP Partners are also present in Tamil Nadu & Karnataka
Inorganic portfolio concentration

The company has a diversified geographical presence.

Consciously pursuing diversification of loan portfolio from a single state to PAN India operations

The presence in Tamil Nadu has been reduced drastically from 80% in 2015 to around than 50% in 2022.

Expanding in new geographies like West Bengal, UP, Bihar and Uttarakhand

Collaborative working with service providers predominately in newer geographies



Mr. N. Karuppusamy
(Business Head)
16 years of expertise



Mr. Banabihari Panda
(Chief Compliance Officer)
40 Years of expertise



Mr. K. B. Balakumaran
(Executive Director)
31 years of expertise Veteran
Banker



Mr. L. Muralidharan
(CFO)
20 years of expertise



Mr. Ravindran
(Head HR)
14 Years of expertise



Mr. G. Parthasarathy
(Chief Risk Officer)
22 Years of expertise



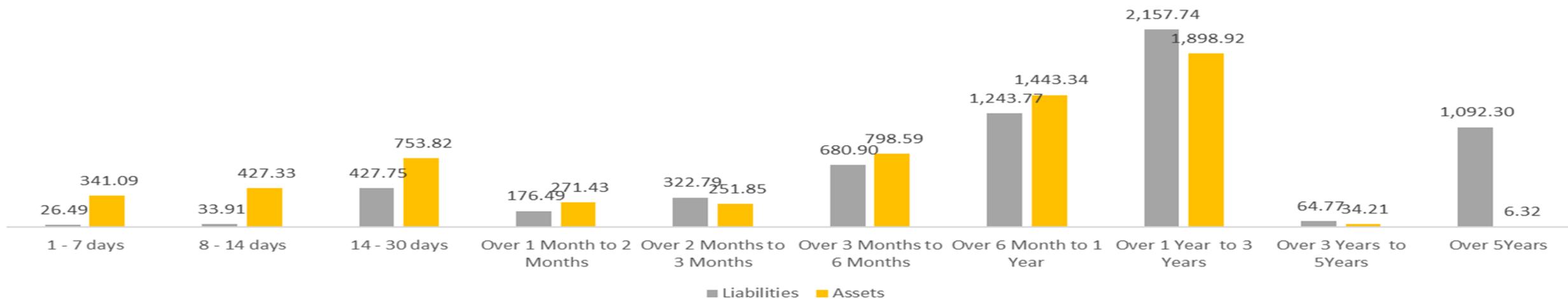
Mr. S. Dhanasekaran
(Chief Technology Officer)
26 years of expertise

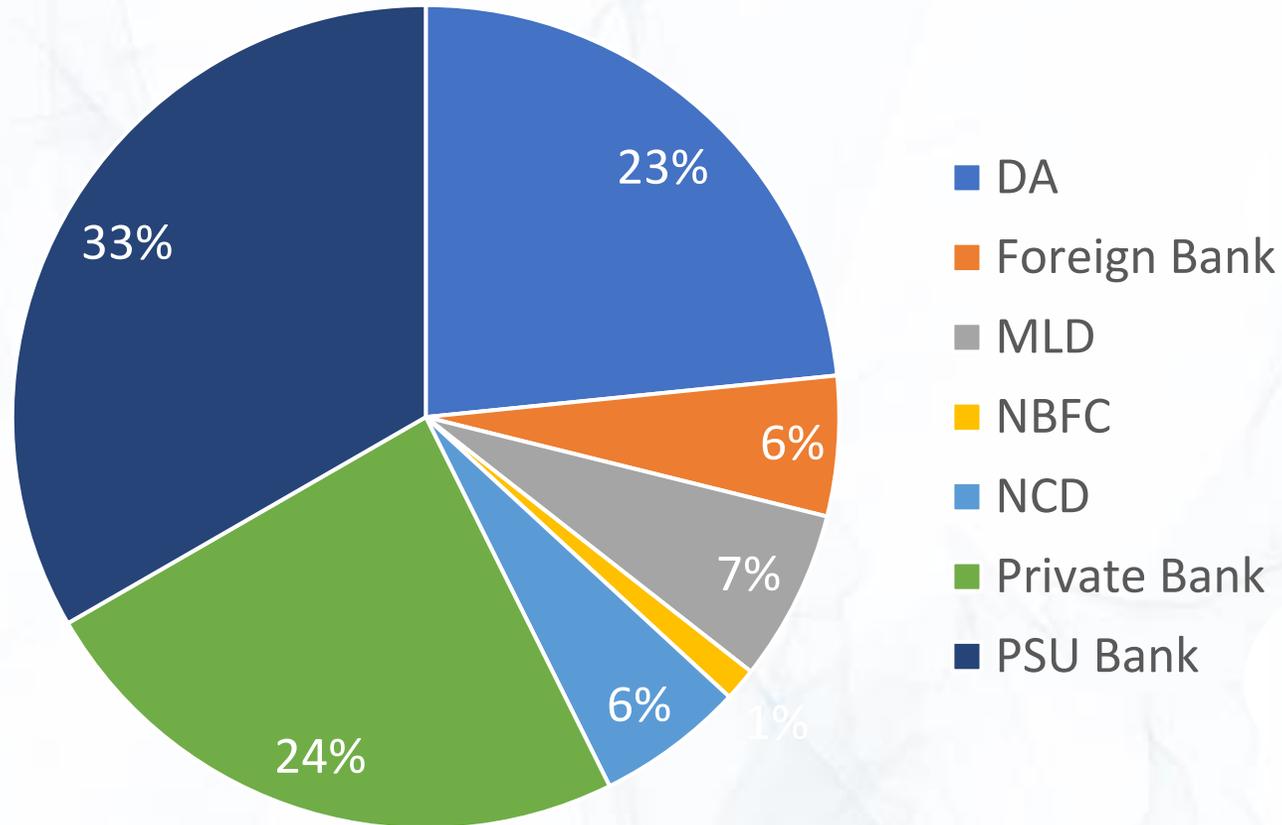




- Assets and Liability maturity transformation risk is managed through adequate buffers maintained with consciously avoiding very short/near term funding source.
- Additional funding is sought to fund Growth needs emanating from feedback at grass root level.
- The average maturity of Assets is 14 months, and the average maturity of Liabilities is 18 months.
- The Company has adequate liquidity for the next six months borrowing obligation. However, the organisation is looking for funds to support business growth.
- Strong base formed in over 3 years in the form of Sub Debt & Share capital
- Funding support from Holding company on tap

ALM Mar 2023





The company has a diversified funding mix. The company has facilities with more than 50 lenders in a form of Term Loan, Non-Convertible Debentures, Cash Credit, Securitisation, Direct Assignment and Sub Debt.

The Cost of funds has been stable for the company on the diversified lender base; a demonstration of strong Balance Sheet, quality of underwriting ability of the organization and support of the Holding Company.

Robust Process & Unique Features



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The Company has an additional layer of Risk evaluation independent of operations, where a Risk Executive evaluates the loan proposal and clears it for Disbursement; also carries out end use evaluation.

The Company's USP is the branch-based collection model which is well accepted by the customers and has stood the test of times during crisis like Demo, natural calamities etc.

On boarding of customer through TAB and all the data points captured in electronic mode

The Company is carrying out 100% Disbursements in cashless mode through Bank Transfer.

Internal Audit does two level of Audits – Regular Audit (based on documentation), Short Audit (based on parameters), apart from surprise and management audits

Shuffling of field personnel across roles/location as per policy

One of the very few in the MFI space adopting the SHG model as well as hybrid JLG model (Pragati)

Competitive TAT for loan disbursal

Better recognition of the Brand

Credit plus activities to strengthen customer connect, provide training to improve livelihoods and offer value added services

Regular third-party evaluation and updation of systems and processes

Thank You



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Registered Office

No 33, 48th Street ,9th Avenue , Ashok Nagar, Chennai- 600083 !

Corporate Office

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