

**PLACEMENT MEMORANDUM
(FOR PRIVATE PLACEMENT)**

by



BELSTAR MICROFINANCE LIMITED

A public limited company incorporated under the Companies Act, 1956

Corporate Identification Number (CIN): U06599TN1988PLC081652**Permanent Account Number (PAN):** AAACB5855H**Date of Incorporation:** January 11, 1988**Place of Incorporation:** Bangalore**Registration number issued by the Reserve Bank of India:** B-07.00792**Registered Office:** No 33, 48th Street, 9th Avenue, Ashok Nagar, Chennai- 600083**Corporate Office:** M V Square, No 4/14, Soundarapandian Street, Ashok Nagar- Chennai-600083**Telephone No.:** 044-43414567**Compliance Officer:** Sunil Kumar Sahu**Email:** cs@belstar.in**Website:** https://belstar.in/

Placement Memorandum for issue of Debentures on a private placement basis under Schedule II of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time in relation to the issue of 3,000 (three thousand) rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures denominated in Indian Rupees, each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of INR 300,00,00,000 (Indian Rupees Three Hundred Crore) inclusive of a green shoe option of 500 (five hundred) rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures denominated in Indian Rupees, each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of INR 50,00,00,000 (Indian Rupees Fifty Crore) ("Debentures" or "NCDs") on a private placement basis (the "Issue"). Certain details of the Debentures are as follows:

- Rating:** The Debentures are rated as "CRISIL PP-MLD AA-r/Stable" by CRISIL Ratings Limited pursuant to the letters/press releases dated October 21, 2022. Please refer Annexure II for the rating rationales and the press releases.
- Listing:** The Debentures are proposed to be listed on the Wholesale Debt Market (WDM) of the BSE Limited within the time period prescribed under the SEBI Listing Timelines Requirements (as defined below).
- Eligible Investors:** Please refer Section 10.14 of the Placement Memorandum.
- Coupon related details:** The coupon rate for the debentures is linked to the yield of 6.54% GS 2032 (ISIN: IN0020210244), as published by Financial Benchmarks India Private Limited. Please refer Section 8.1 (*Summary Terms*) for details about coupon/dividend rate, coupon/dividend payment frequency, redemption date, redemption amount.
- Underwriting:** The Issue is not underwritten.
- Electronic Book Provider Platform:** Not applicable.

Issue Schedule

Issue Opening on: October 31, 2022

Date of earliest closing of the issue, if any: N.A.

Issue Closing on: October 31, 2022

Deemed Date of Allotment: October 31, 2022

The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

Registrar & Transfer Agent  Integrated Registry Management Services Private Limited Address: 5A, 2nd Floor, Kences Towers, 1, Ramakrishna Street, T. Nagar, Chennai - 600 017 Tel: +91-44-281-3405-46, Fax: N.A. Website: https://integratedindia.in Email: corpserv@integratedindia.in	Debenture Trustee  IDBI Trusteeship Services Ltd IDBI Trusteeship Services Limited Address: Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai, Maharashtra -400001 Tel.: +91-22-40807000; Fax: +91-22-66311776 Contact person: Mr Naresh Sachwani Email: itsl@idbitrustee.com	Rating Agency  CRISIL Ratings Limited An S&P Global Company Address: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai 400 076, India Tel: (+91 22) 3342 3000 (B); Fax: (+91 22) 3342 3050 Contact person: Ms. Poonam Upadhyay Email: crisilratingdesk@crisil.com
Issuer's Compliance Officer & Company Secretary : Sunil Kumar Sahu Tel: 044 43414503 Email: sunilkumar.k@belstar.in	Issuer's Promoters: Dr. Kalpanaa Sankar (Tel: 044-43414503; Email: kalpana.sankar@belstar.in) CV Sankar (Tel: 044-43414503; Email: cvsankar@belstar.in)	
Issuer's Chief Financial Officer: L Muralidharan Tel: 044 43414501 Email: muralidharan.l@belstar.in	Bindu Dandapani (Tel: 044-43414503; Email: binshri@gmail.com) Hand In Hand Consulting Services Private Limited (Tel: 044-67201001; Email: info@hihindia.org) Sarvam Financial Inclusion Trust (Tel: 044-67276077; Email: sfit@hihseed.org)	

BACKGROUND

This Placement Memorandum is related to the Debentures to be issued by Belstar Microfinance Limited (the "**Issuer**" or "**Company**") on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Placement Memorandum has been authorised by the Issuer through resolutions passed by the shareholders of the Issuer on September 29, 2021 and the Board of Directors of the Issuer on January 31, 2022 with the resolution dated October 25, 2022 of the finance committee of the board of directors of the Issuer and the Memorandum and Articles of Association of the Company. The present issue of Debentures in terms of this Placement Memorandum is within the overall powers of the Board as per the above shareholder resolution(s).

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in this Placement Memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this Placement Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading.

DISCLAIMER

- This Placement Memorandum contains no unsubstantiated forward-looking statements. To the extent there are any unsubstantiated forward-looking statements under this Placement Memorandum, such statements shall be considered to be null and void.
- This Issue does not form part of non-equity regulatory capital mentioned under Chapter V of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021. The face value of each debt security issued on private placement basis under this Issue is INR 10,00,000 (Indian Rupees Ten Lakh).
- The Debentures are subject to model risk i.e., the securities are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behavior of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models.
- In case of principal/capital protected market linked debt securities, the principal amount is subject to the credit risk of the Issuer whereby the investor may or may not recover all or part of the funds in case of default by the Issuer.

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

Capitalised terms used herein and not defined shall have the meanings given to them in the Transaction Documents. Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Placement Memorandum.

GENERAL DEFINITIONS

Act/Companies Act	means the Companies Act, 2013, and shall include any re-enactment, amendment or modification of the Companies Act, 2013, as in effect from time to time.
Applicable Accounting Standards	means the generally accepted accounting principles, standards and practices in India or any other prevailing accounting standard in India as may be applicable, and includes Indian Accounting Standards (IND-AS).
Applicant	means a person who has submitted a completed Application Form to the Issuer.
Application Form	means the application form for subscription of the Debentures annexed to this Placement Memorandum and marked as Annexure IV.
Application Money	means the subscription amounts paid by the Debenture Holders at the time of submitting the Application Form.
Beneficial Owners	means the holders of the Debentures in dematerialised form whose name is recorded as such with the Depository(ies) in the Register of Beneficial Owners.
Board / Board of Directors	The Board of Directors of the Issuer.
BSE	means the BSE Limited
CDSL	Central Depository Services (India) Limited.
CERSAI	means Central Registry of Securitisation Asset Reconstruction and Security Interest of India.
Company/Issuer/Belstar	means Belstar Microfinance Limited
Conditions Precedent	means the conditions precedent set out in Section 8.1 (<i>Summary Terms</i>).
Conditions Subsequent	means the conditions subsequent set out in Section 8.1 (<i>Summary Terms</i>).
Cr. / Cr. / Crs.	Ten Million
Debentures/NCDs	means 3,000 (three thousand) rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures denominated in INR, each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of INR 300,00,00,000 (Indian Rupees Three Hundred Crore) inclusive of a green shoe option of 500 (five hundred) rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures denominated in INR, each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of INR 50,00,00,000 (Indian Rupees Fifty Crore).
Debenture Trustee/ITSL	means IDBI Trusteeship Services Limited.
Debenture Trustee Agreement	means the agreement executed / to be executed by and between the Debenture Trustee and the Issuer <i>inter alia</i> for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.
Debenture Trustees Regulations/ SEBI Debenture Trustee Regulations	means the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended, modified, supplemented or restated from time to time.

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Debenture Trust Deed/DTD	means the debenture trust deed executed / to be executed by and between the Debenture Trustee and the Company <i>inter alia</i> recording the terms and conditions upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer.
Debt Disclosure Documents	means, collectively, the PPOA and this Placement Memorandum, and "Debt Disclosure Document" means any one of them.
Deed of Hypothecation	has the meaning given to it in Section 8.1 (<i>Summary Terms</i>).
Deemed Date of Allotment	means October 31, 2022.
Demat	means the dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depositories Act	means the Depositories Act, 1996, as amended from time to time.
Depositories	means the depositories with whom the Company has made arrangements for dematerialising the Debentures, being NSDL and CDSL, and "Depository" means any one of them.
Depository Participant / DP	A depository participant as defined under the Depositories Act
Director(s)	means the director(s) of the Issuer.
DP ID	Depository Participant Identification Number.
DRR	has the meaning given to it in Section 6.28 (<i>Other details</i>) of this Placement Memorandum.
Effective Date	means the date of execution of the DTD.
EFT	Electronic Fund Transfer
Eligible Investors	has the meaning given to it in Section 10.14 below.
Green Shoe Option	has the meaning given to it in Section 8.1 (<i>Summary Terms</i>).
INR/Rs.	means Indian Rupees.
Issue	means this issue of the Debentures on a private placement basis pursuant to this Placement Memorandum.
Issue Closing Date	October 31, 2022
Issue Opening Date	October 31, 2022
Listed NCDs Operational Circular	means the circular issued by SEBI bearing the reference number SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 on " <i>Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper</i> ", as amended, modified, supplemented or restated from time to time.
Listing Period	has the meaning given to it under Section 8.1 (<i>Summary Terms</i>) below.
LODR Regulations/SEBI LODR Regulations	means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, modified, supplemented or restated from time to time.
MFI	Micro Finance Institution
MLD Issuance Requirements	means the requirements in respect of issuance and listing of structured debt securities/market linked debt securities prescribed in Chapter X (<i>Structured or market linked debt securities</i>) of the Listed NCDs Operational Circular.
NBFC Directions	means the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 and/or the Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as may be applicable, read together with the Master Circular on

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	"Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Direction" issued by the RBI on July 1, 2015, the Master Direction no. DoR.FIN.REC.95/03.10.038/2021-22 on "Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022" issued by the RBI on March 14, 2022 and the RBI's circular no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on "Implementation of Indian Accounting Standards", each as amended, modified or restated from time to time.
N.A.	Not Applicable
NBFC	Non-banking financial company
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
Placement Memorandum/PM/Offer Document	means this placement memorandum issued by the Issuer in respect of the Debentures proposed to be issued.
Private Placement Offer cum Application Letter(s)/PPOA	means the private placement offer cum application letter(s) prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, issued by the Issuer in respect of the Debentures.
Purpose	has the meaning given to it in Section 8.1 (<i>Summary Terms</i>) below.
Rating	means the credit rating for the Debentures from the Rating Agency, which has affirmed a rating of "CRISIL PP-MLD AA-r/Stable" to the Issue through its letter dated October 21, 2022.
Rating Agency	means CRISIL Ratings Limited
RBI	Reserve Bank of India.
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (fifteen) calendar days prior to any Due Date.
Recovery Expense Fund	means the recovery expense fund established/to be established and maintained by the Issuer in accordance with the provisions of the SEBI Recovery Expense Fund Circular.
Register of Beneficial Owners	means the register of beneficial owners of the Debentures maintained in the records of the Depositories.
Register of Debenture Holders	means the register maintained by the Issuer in accordance with Section 88 of the Act.
R&T Agent/Registrar	means the registrar and transfer agent appointed for the issue of Debentures, being Integrated Registry Management Services Private Limited
ROC	means the jurisdictional registrar of companies.
Rs. / INR	Indian National Rupees.
RTGS	Real Time Gross Settlement.
SEBI	means the Securities and Exchange Board of India.
SEBI Debt Listing Regulations/Debt Listing Regulations	means the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, modified or restated from time to time.
SEBI Defaults (Procedure) Circular	means the SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/203 dated October 13, 2020 on "Standardisation of procedure to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities", as amended, modified, supplemented or restated from time to time.
SEBI DLT Monitoring Circular	means the SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2022/3 dated March 29, 2022 on "Operational guidelines for 'Security and Covenant Monitoring' using Distributed Ledger Technology (DLT)" read with the SEBI circular bearing reference number

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	SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2021/618 dated August 13, 2021 on " <i>Security and Covenant Monitoring' using Distributed Ledger Technology</i> " and the SEBI circular bearing reference number SEBI/HO/DDHS/RACPOD1/CIR/P/2022/136 dated October 3, 2022 on " <i>Extension of timeline for entering the details of the existing outstanding non-convertible securities in the 'Security and Covenant Monitoring' system hosted by Depositories</i> ", each as amended, modified, supplemented or restated from time to time.
SEBI Due Diligence Circulars	means the SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020 on " <i>Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)</i> " read with the SEBI circular bearing reference number SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/106 dated August 4, 2022 on " <i>Enhanced guidelines for debenture trustees and listed issuer companies on security creation and initial due diligence</i> ", each as amended, modified, supplemented or restated from time to time.
SEBI Listed Debentures Circulars	means, collectively, the SEBI Defaults (Procedure) Circular, the SEBI Due Diligence Circulars, the SEBI DLT Monitoring Circular, the SEBI Monitoring Circulars, the SEBI Recovery Expense Fund Circular, the Listed NCDs Operational Circular, and the LODR Regulations (to the extent applicable).
SEBI Listing Timelines Requirements	means the requirements in respect of the timelines for listing of debt securities issued on a private placement basis prescribed in Chapter VII (<i>Standardization of timelines for listing of securities issued on a private placement basis</i>) of the Listed NCDs Operational Circular.
SEBI Monitoring Circulars	means the SEBI's circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/23 dated November 12, 2020 on " <i>Monitoring and Disclosures by Debenture Trustee(s)</i> " read with SEBI's circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2022/67 dated May 19, 2022 on " <i>Revised format of security cover certificate, monitoring and revision in timelines</i> " and SEBI's circular bearing reference no. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/106 dated August 4, 2022 on " <i>Enhanced guidelines for debenture trustees and listed issuer companies on security creation and initial due diligence</i> ", each as amended, modified, supplemented or restated from time to time.
SEBI Recovery Expense Fund Circular	means the SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 on " <i>Contribution by Issuers of listed or proposed to be listed debt securities towards creation of 'Recovery Expense Fund'</i> ", as amended, modified, supplemented or restated from time to time.
Stressed Assets Framework	means the RBI's circular no. DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019, on " <i>Prudential Framework for Resolution of Stressed Assets</i> ", as may be amended, modified, supplemented or restated from time to time.
Tax	means any present or future tax, levy, duty, charge, fees, deductions, withholdings, surcharges, cess, turnover tax, transaction tax, stamp tax or other charge of a similar nature (including any penalty or interest payable on account of any failure to pay or delay in paying the same), now or hereafter, imposed pursuant to any Applicable Law or by any Governmental Authority and as maybe applicable in relation to the payment obligations of the Issuer under the DTD.
Tax Deduction	means a deduction or withholding for or on account of Tax from a payment under a Transaction Document pursuant to Applicable Law.
TDS	Tax Deducted at Source.
Transaction Documents	means: (a) the DTD; (b) the Debenture Trustee Agreement; (c) the Deed of Hypothecation; (d) the Debt Disclosure Documents;

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	(e) the letters issued by the, and each memorandum of understanding/agreement entered into with, the Rating Agency, the Debenture Trustee and/or the Registrar; (f) each tripartite agreement between the Issuer, the Registrar and the relevant Depository; and (g) any other document that may be designated as a Transaction Document by the Debenture Trustee or the Debenture Holders, and "Transaction Document" means any of them.
WDM	Wholesale Debt Market
Wilful Defaulter	means an issuer who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such.

TRANSACTION SPECIFIC DEFINITIONS

Annualised Interest Rate or Annualised Coupon Rate	means: (a) 9.35% (nine decimal three five percent) (XIRR), if the Reference Index Yield is less than or equal to 18% (eighteen percent); and/or (b) 9.30% (nine decimal three zero percent) (XIRR), if the Reference Index Yield is greater than 18% (eighteen percent) but less than or equal to 24% (twenty four percent); and/or (c) 0% (zero percent) (XIRR), if the Reference Index Yield is greater than 24% (twenty four percent).
Applicable Law	means all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof.
Assets	means, for any date of determination, the assets of the Issuer on such date as the same would be determined in accordance with Applicable Accounting Standards.
Business Day	means: (a) subject to (b) and (c) below, means any day on which commercial banks in Mumbai, India and Chennai, India are open for business; (b) for the period commencing on the Issue Opening Date until the Issue Closing Date, any day (other than a Saturday, Sunday or a public holiday under Section 25 of the Negotiable Instruments Act, 1881), on which commercial banks in Mumbai, India and Chennai, India are open for business; and (c) for the period commencing on the Issue Closing Date until the listing of the Debentures in accordance with the DTD, any trading day of BSE, other than a Saturday, Sunday or a bank holiday, as specified by SEBI.
Capital Adequacy Ratio	means the capital adequacy ratio determined in accordance with the NBFC Directions.

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Client Loan	each loan disbursed by the Issuer as a lender, and "Client Loans" shall be construed accordingly.
Constitutional Documents	means the certificate of incorporation of the Issuer, the memorandum of association and articles of association of the Issuer and the certificate of registration issued by the RBI to the Issuer.
Control	has the meaning given to it in the Companies Act.
Debenture Holders / Investors	each person who is: (a) registered as a Beneficial Owner; and (b) registered as a debenture holder in the Register of Debenture Holders. (a) and (b) above shall be deemed to include transferees of the Debentures registered with the Issuer and the Depository from time to time, and in the event of any inconsistency between (a) and (b) above, (a) shall prevail.
Digital Level	means, as on the date of observation and at the time of observation, the yield of the Reference Index.
Due Date	means the date on which any interest (including any Interest Amounts), any Redemption Payment, any additional interest, any liquidated damages, any premature redemption amount and/or any other amounts payable, are due and payable, including but not limited to the Final Redemption Date, or any other on which any payment is to be made by the Issuer under the Transaction Documents.
Event of Default	means the events set out in Section 8.2.6.2 (<i>Events of Default</i>).
Final Fixing Date	means: (a) if the Debentures are being redeemed on the Final Redemption Date, the date occurring 30 (thirty) days prior to the Final Redemption Date; or (b) if the Debentures are being redeemed on any date other than the Final Redemption Date, the date occurring 30 (thirty) days prior to any date on which a Redemption Payment in respect of the Debentures is required to be made in accordance with terms of the Transaction Documents.
Final Fixing Level	means the yield of the Reference Index on the Final Fixing Date (determined in accordance with the Digital Level).
Final Redemption Date	means the date occurring on the expiry of a period of 24 (twenty four) months from the Deemed Date of Allotment, being October 31, 2024.
Final Settlement Date	means the date on which all Secured Obligations have been irrevocably and unconditionally paid and discharged in full to the satisfaction of the Debenture Holders.
Financial Indebtedness	means any indebtedness for or in respect of:

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	(a) moneys borrowed; (b) any amount raised by acceptance under any acceptance credit, bill acceptance or bill endorsement facility or dematerialised equivalent; (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, loan stock or any similar instrument; (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Applicable Accounting Standards, be treated as a finance or capital lease; (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (h) shares which are expressed to be redeemable or shares which are the subject of a put option or any form of guarantee; (i) any obligation under any put option in respect of any securities; (j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; (k) any corporate/personal guarantee, a letter of comfort or any other similar contractual comfort issued or incurred in respect of a liability incurred by any other third person; and (l) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (k) above.
Financial Year/ FY	means each period of 12 (twelve) months commencing on April 1 of any calendar year and ending on March 31 of the subsequent calendar year.
Governmental Authority	means any government (central, state or otherwise) or any governmental agency, semi-governmental or judicial or quasi-judicial or administrative entity, department or authority, agency or authority including any stock exchange or any self-regulatory organisation, established under any Applicable Law, and "Governmental Authorities" shall be construed accordingly.
Hypothecated Assets	has the meaning given to it in Section 8.1 (<i>Summary Terms</i>).
Interest Amounts / Coupon Amounts	means, for redemption/premature redemption of Debentures in the manner set out in the DTD, the interest or the coupon payable on such Debenture, determined as follows:

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	$IA = OPA * [(1 + \text{Annualised Interest Rate})^{(\text{Tenor in Days}/365)} - 1]$ where: (i) "IA" is the Interest Amounts; (ii) "OPA" is the Outstanding Principal Amounts proposed to be paid in respect of such Debenture; and (iii) "Tenor in Days" means the period between the Deemed Date of Allotment and the date on which the Debentures are to be redeemed in accordance with the DTD, determined in days.
Majority Debenture Holders	means such number of Debenture Holders collectively holding more than 50% (fifty percent) of the value of the Outstanding Principal Amounts of the Debentures.
Majority Resolution	means a resolution approved by the Majority Debenture Holders.
Material Adverse Effect	means the effect or consequence of an event, circumstance, occurrence or condition which has caused or could reasonably be expected to cause, as of any date of determination, a material and adverse effect: (a) on the rights or remedies of the Debenture Trustee acting for the benefit of the Debenture Holders hereunder or under any other Transaction Document; or (b) on the ability of the Issuer to perform its obligations under the Transaction Documents; or (c) on the validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder).
Outstanding Amounts	means, at any date, the Outstanding Principal Amounts together with any Interest Amounts (including any accrued but unpaid/uncrystallised Interest Amounts), additional interest, costs, fees, charges, and other amounts payable by the Issuer in respect of the Debentures.
Outstanding Principal Amounts	means, at any date, the principal amounts outstanding under the Debentures.
Payment Default	means any event, act or condition which, with notice or lapse of time, or both, would constitute an Event of Default under Section 8.2.6.2(a) (<i>Payment Defaults</i>).
Promoters	has the meaning given to it in the Debt Listing Regulations.
Promoter Group	has the meaning given to it in the Debt Listing Regulations.
Purpose	has the meaning given to it in Section 8.1 (<i>Summary Terms</i>).
Quarterly Date	means each of March 31, June 30, September 30 and December 31 of a calendar year, and "Quarterly Dates" shall be construed accordingly.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Redemption Payment	means, in respect of any Debenture, the aggregate of the Outstanding Principal Amounts in respect of such Debenture and the Interest Amounts in respect of such Debenture calculated in the manner set out in the DTD
Reference Index	means the 6.54% GS 2032, having ISIN IN0020210244 and maturing on January 17, 2032, as published by Financial Benchmarks India Private Limited (available at www.fbil.org.in).
Reference Index Yield	means the yield of the Reference Index on the Final Fixing Date (determined in accordance with the Digital Level).
Secured Obligations	means all present and future obligations (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever) of the Issuer to the Debenture Holders or the Debenture Trustee under the Transaction Documents, including without limitation, the making of payment of any interest, redemption of principal amounts, the Interest Amounts, default interest, additional interest, liquidated damages and all costs, charges, expenses and other amounts payable by the Issuer in respect of the Debentures.
Security Cover	has the meaning given to it in Section 8.1 (<i>Summary Terms</i>).
Special Majority Debenture Holders	means such number of Debenture Holders collectively holding more than 75% (seventy five percent) of the value of the Outstanding Principal Amounts of the Debentures.
Special Resolution	means resolution approved by the Special Majority Debenture Holders.
Tier I Capital	has the meaning given to it in the NBFC Directions
Tier II Capital	has the meaning given to it in the NBFC Directions
Total Assets	means, for any date of determination, the total Assets of the Issuer on such date.
Transaction Security	has the meaning given to it in Section 8.1 (<i>Summary Terms</i>).
XIRR	means the internal rate of return calculated using the XIRR function in Microsoft Excel software.

SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS**2.1 ISSUER'S DISCLAIMER**

This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures to be listed on the WDM segment of the BSE is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Placement Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general.

As per the applicable provisions, it is not necessary for a copy of this Placement Memorandum to be filed or submitted to the SEBI for its review and/or approval. This Placement Memorandum has been prepared in conformity with the SEBI Debt Listing Regulations as amended from time to time and applicable RBI regulations governing private placements of debentures by NBFCs. This Placement Memorandum has been prepared solely to provide general information about the Issuer to Eligible Investors to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Placement Memorandum does not purport to contain all the information that any Eligible Investor may require. Further, this Placement Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Placement Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Placement Memorandum should not consider such receipt as a recommendation to subscribe to any Debentures. Each potential Investor contemplating subscription to any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyse such investment and the suitability of such investment to such potential Investor's particular circumstances.

The Issuer confirms that, as of the date hereof, this Placement Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Placement Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having being authorized by the Issuer. The Issuer certifies that the disclosures made in this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) are adequate and in conformity with the SEBI Debt Listing Regulations and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Further, the Issuer accepts no responsibility for statements made otherwise than in the Placement Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Placement Memorandum would be doing so at its own risk.

This Placement Memorandum, the Private Placement Offer cum Application Letter(s) and the respective contents hereof respectively, are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

No invitation is being made to any persons other than those to whom Application Forms along with this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) being issued have been sent. Any application by a person to whom the Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Placement Memorandum and/or the Private Placement cum Application Offer Letter(s) shall not reproduce or distribute in whole or in part or make any announcement in public or to a third party regarding the contents hereof without the consent of the Issuer. The recipient agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue or the amount or terms of any fees payable to the Issuer or any other person in connection with the Issue. This Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Placement Memorandum) without retaining any copies hereof. If any recipient of this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) decides not to participate in the Issue, that recipient must promptly return this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer.

The Issuer does not undertake to update the Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) to reflect subsequent events after the date of Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) nor any sale of Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) in any jurisdiction where such action is required. Persons into whose possession this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) comes are required to inform themselves of, and to observe, any such restrictions. The Placement Memorandum is made available to potential Investors in the Issue on the strict understanding that it is confidential.

2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of this Placement Memorandum has been filed with the BSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of this Placement Memorandum to the BSE should not in any way be deemed or construed to mean that this Placement Memorandum has been reviewed, cleared, or approved by the BSE; nor does the BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum, nor does the BSE warrant that the Issuer's Debentures will be listed or will continue to be listed on the BSE; nor does the BSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

2.3 DISCLAIMER CLAUSE OF RBI

The Issuer is having a valid certificate of registration issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/ discharge of liability by the company.

2.4 DISCLAIMER CLAUSE OF SEBI

As per the provisions of the SEBI Debt Listing Regulations, it is not stipulated that a copy of this Placement Memorandum has to be filed with or submitted to the SEBI for its review / approval. It is to be distinctly understood that this Placement Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is

not recommended or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Placement Memorandum.

2.5 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to investors as specified under the paragraph titled "Eligible Investors" of this Placement Memorandum, who shall be/have been identified upfront by the Issuer. This Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts and tribunals at the location set out in Section 8.1 (*Summary Terms*). This Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

2.6 DISCLAIMER IN RESPECT OF RATING AGENCY

Rating are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agency has based its rating on information obtained from sources believed by it to be accurate and reliable. The Rating Agency does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agency have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

2.7 ISSUE OF DEBENTURES IN DEMATERIALISED FORM

The Debentures will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investors with their respective depository participant. The Issuer will make the Allotment to the Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 3: DETAILS OF PROMOTERS OF THE ISSUER

The details of the Promoters of the Issuer are set out below:

1.

Particular	Details
Name	Dr. Kalpanaa Sankar
Photo/logo	
Date of Birth	07-03-1964
Age	58
Personal Address:	No 2/226 Second Street , Karpagambal Nagar, Kottivakkam Chennai – 600 041
Educational Qualifications:	Double doctorate in Physical Sciences and in Women's Studies and Self-Help Groups. Executive MBA from TRIUM (LSE, HEC Paris and NYU Stern).
Experience in the business or employment:	She has been involved in the self-help group movement for 21 years and has specialized in participatory assessment, and gender-differentiated impact and monitoring tools.
Positions/posts held in the past:	Managing Director at Belstar Microfinance Ltd
Directorships held	1.Hand in Hand Consulting Services Private Limited
Other ventures of the promoter	NA
Special achievements:	She 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 her contribution to the empowerment of vulnerable and marginalized women from the Hon'ble President of India and Ministry of Women & Child. Under her committed leadership, her organization, Hand in Hand India has won the 'Pradhan Mantri Bal Kalyan Puraskar' for its dedicated work towards child welfare and education
Their business and financial activities	She is managing Director of Belstar Microfinance Ltd and also the co-founder and Managing Trustee of Hand in Hand India
Permanent Accountant Number:	ABCPS6041E
Other details	N.A.

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2.

Particular	Details
Name	C V Sankar
Photo/logo	
Date of Birth	02-07-1956
Age	66
Personal Address:	No 2/226 Second Street , Karpagambal Nagar, Kottivakkam Chennai – 600 041
Educational Qualifications:	He has an MBA from Southern Cross University, Australia
Experience in the business or employment:	He is a retired Govt. of Tamil Nadu IAS officer belonging to the 1982 batch. His 34 years of experience includes an array of general administrative posts in the Government, including the prestigious District Collector of Coimbatore. He has held Secretary, Principal Secretary and Additional Chief Secretary level postings in varied fields including Industries, Environment & Forests, Rural Development & Panchayat Raj, Municipal Administration & Water Supply for Govt. of Tamil Nadu. He has experience as the CMD of Corporations such as Tamil Nadu Power Finance and Infrastructure Development and Tamil Nadu Newsprints and Papers Ltd and Tamil Nadu Housing Board.
Positions/posts held in the past:	–
Directorships held	1. Varashakti Housing Finance Private Limited 2, Sahasankha Advisory And Consulting Services Private Limited
Other ventures of the promoter	NA
Special achievements:	One of his major feats includes the coordination of the massive Tsunami Rehabilitation Programme of the Government after the devastating disaster hit Tamil Nadu in 2004. As the Officer on Special Duty and Project Director, he spearheaded the rehabilitation and reconstruction projects sanctioned by Govt. of India, World Bank, UNDP and other international organizations, totaling USD 2 billion. He was invited by the World Bank to join as the Project Director for National Cyclone Risk Mitigation Project at the National Disaster Management Authority, New Delhi and implemented the first phase of the project at a cost of INR 1500 crore in Andhra Pradesh and Odisha. In addition,
Their business and financial activities	As mentioned above
Permanent Accountant Number:	AAJPS6297C
Other details	N.A.

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3.

Particular	Details
Name	Bindu Dandapani
Photo/logo	
Date of Birth	21-01-1973
Age	49
Personal Address:	3A Golden Kingsmead, 3, Tas, 10 th Main Road Annanagar, chennai-600040
Educational Qualifications:	MCA, Coimbatore Institute of Technology
Experience in the business or employment:	17 year of comprehensive experience in product engineering , solutions architecture, solution design, rollout and pre-sales - Responsible for delivering high-quality software products, on-time and within budget. - Experience in interfacing with multiple delivery teams and has worked in Integrated Services Delivery projects - Extensive experience in leading the development, delivery, deployment of support for various software products for leading customers.
Positions/posts held in the past:	Senior Management, Kindle, Amazon Associate Vice President, Harman India Deputy General Manager, HCL Technologies
Directorships held	NIL
Other ventures of the promoter	NA
Special achievements:	NA
Their business and financial activities	Employment
Permanent Accountant Number:	AASPB2702N
Other details	N.A.

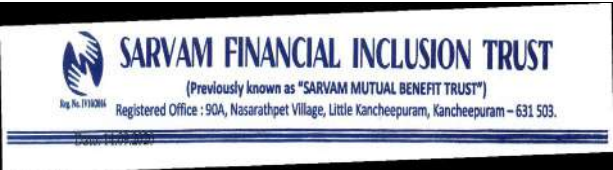
(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

4.

Particular	Details
Name	Hand In Hand Consulting Services Private Limited
Photo/logo	 HAND IN HAND CONSULTING SERVICES PVT. LTD.
Date of Birth	08-12-2006
Age	NA
Personal address:	90A,Nasarathpettai Village, Opp Pachayappa's College little Kancheepuram, TN-631503
Educational Qualifications:	NA
Experience in the business or employment:	NA
Positions/posts held in the past:	NA
Directorships held	NA
Other ventures of the promoter	NA
Special achievements:	NA
Their business and financial activities	It is involved in taking up Monitoring and Evaluation of projects, preparing case studies for projects and taking up both in India and abroad for creating sustainable livelihood along with other activities like Legal, accounting, book-keeping and auditing activities; tax consultancy; market research and public opinion polling; business and management consultancy
Permanent Accountant Number:	AACCH1706K
Other details	N.A.

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5.

Particular	Details
Name	Saravam Financial Inclusion Trust
Photo/logo	
Date of Birth/Incorporation/Settlement	12-06-2009
Age	NA
Personal/registered office address:	90A, Nasarathpettai Village, Opp Pachayappa's College Little Kancheepuram, TN-631503
Educational Qualifications:	NA
Experience in the business or employment:	NA
Positions/posts held in the past:	NA
Directorships held	NA
Other ventures of the promoter	NA
Special achievements:	NA
Their business and financial activities	The object of Sarvam Financial Inclusion Trust is to give training on account of financial literacy and women empowerment to the women including focus on Activity Based Group training and Farmer producer companies and their members for their overall improvement in the livelihood
Permanent Accountant Number:	AAITS4750P
Other details	N.A.

The Issuer hereby confirms and declares that, to the extent applicable, Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the promoters and Permanent Account Number of directors have been submitted to BSE, at the time of filing the draft Placement Memorandum.

SECTION 4: GENERAL RISKS

GENERAL RISK

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section 4 of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

RISK FACTORS

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential Investors should carefully consider all the risk factors stated in this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures but does not represent that the statements below regarding risks of holding the Debentures are exhaustive. Potential Investors should also read the detailed information set out elsewhere in this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) and reach their own views prior to making any investment decision.

4.1 REPAYMENT IS SUBJECT TO THE CREDIT RISK OF THE ISSUER.

Potential Investors should be aware that receipt of the principal amount, (i.e. the redemption amount) and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer whereby the Investors may or may not recover all or part of the funds in case of default by the Issuer. Potential Investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

4.2 RISKS IN RELATION TO THE NON-CONVERTIBLE SECURITIES; THE SECONDARY MARKET FOR DEBENTURES MAY BE ILLIQUID; LIMITED OR SPORADIC TRADING OF NON-CONVERTIBLE SECURITIES OF THE ISSUER ON THE STOCK EXCHANGES.

It is not possible to predict if and to what extent a secondary market may develop in the Debentures or at what price the Debentures will trade in the secondary market or whether such market will be liquid or illiquid. As specified in the Disclosure Document, an application has been made to list or quote or admit to trading the Debentures on the WSD Segment of the BSE and an in-principle approval has been obtained. If the Debentures are so listed or quoted or admitted to trading on the BSE no assurance is given that any such listing or quotation or admission to trading will be maintained. The fact that the Debentures may be so listed or quoted or admitted to trading does not necessarily lead to greater liquidity than if they were not so listed or quoted or admitted to trading.

The Issuer may, but is not obliged to, at any time purchase the Debentures at any price in the open market or by tender or private agreement. Any Debentures so purchased may be resold or surrendered for cancellation. The more limited the secondary market is, the more difficult it may be for holders of the Debentures to realize value for the Debentures prior to redemption of the Debentures.

The Debentures may be very illiquid, and no secondary market may develop in respect thereof. Even if there is a secondary market for the Debentures, it is not likely to provide significant liquidity. Potential Investors may have to hold the Debentures until redemption to realize any value.

4.3 CREDIT RISK & RATING DOWNGRADE RISK

The Rating Agency has assigned the credit rating to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the Rating Agency may downgrade the rating of the Debentures. In such cases, potential Investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

4.4 CHANGES IN INTEREST RATES MAY AFFECT THE PRICE OF DEBENTURES.

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

4.5 TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS

Special tax considerations and legal considerations may apply to certain types of investors. Potential Investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

4.6 ACCOUNTING CONSIDERATIONS

Special accounting considerations may apply to certain types of taxpayers. Potential Investors are urged to consult with their own accounting advisors to determine implications of this investment.

4.7 RISKS IN RELATION TO THE SECURITY; SECURITY MAY BE INSUFFICIENT TO REDEEM THE DEBENTURES; RISKS IN RELATION TO MAINTENANCE OF SECURITY COVER OR FULL RECOVERY OF THE SECURITY IN CASE OF ENFORCEMENT

In the event that the Company is unable to meet its payment and other obligations towards Investors under the terms of the Debentures, the Debenture Trustee may enforce the security in respect of the Debentures as per the terms of security documents, and other related documents. The Debenture Holder(s)' recovery in relation to the Debentures will be subject to (i) the market value of such secured property, (ii) finding willing buyers for the transaction security at a price sufficient to repay the Debenture Holder(s)' amounts outstanding under the Debentures. The value realised from the enforcement of the transaction security may be insufficient to redeem the Debentures.

Fluctuations in the market values of the assets over which security has been provided in respect of loans provided by the Issuer could affect the Issuer's liquidity and reduce the Issuer's ability to enforce the security, which could adversely affect the Issuer's result of operations and financial condition. The Issuer may not accurately identify changes in the value of assets over which security has been provided caused by changes in market prices, and the Issuer's assessments, assumptions or estimates may prove inaccurate.

4.8 MATERIAL CHANGES IN REGULATIONS TO WHICH THE ISSUER IS SUBJECT COULD IMPAIR THE ISSUER'S ABILITY TO MEET PAYMENT OR OTHER OBLIGATIONS.

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

4.9 LEGALITY OF PURCHASE

Potential Investors in the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of their incorporation or the jurisdiction in which they operate or for compliance by that potential Investor with any law, regulation or regulatory policy applicable to it.

4.10 **POLITICAL AND ECONOMIC RISK IN INDIA**

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Issuer has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

4.11 **RISKS RELATED TO THE BUSINESS OF THE ISSUER**

- (a) ***The Issuer provides both secured and unsecured loans to the clients and if the Issuer is unable to control the level of non-performing loans ("NPAs") in the future, or if the Issuer's loan loss reserves are insufficient to cover future loan losses, the financial condition and results of operations may be materially and adversely affected.***

A majority of the Issuer's loans are unsecured and the clients of these unsecured loans are of the high risk category. There is uncertainty on the client's ability to fulfil its loan obligations it can be difficult to verify all client details and assess the risk. Such non-performing or low credit quality loans can negatively impact the Issuer's results of operations.

The Issuer has various procedures and process controls in place to mitigate the risk.

As on March 31,2022, the gross NPA was INR 250.18 Cr and Net NPA INR 82 .00 on book portfolio of INR 3777.14 Cr

The Issuer cannot assure that it will be able to effectively control and reduce the level of the NPAs of its Client Loans. The amount of its reported NPAs may increase in the future as a result of growth of Client Loans. If the Issuer is unable to manage NPAs or adequately recover its loans, the results of its operations will be adversely affected.

The current loan loss reserves of the Issuer may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of Client Loans. As a result, if the quality of its total loan portfolio deteriorates the Issuer may be required to increase its loan loss reserves, which will adversely affect its financial condition and results of operations.

The clients are from different industries spread across several geographies with limited access to finance and, as a result, might be vulnerable if economic conditions worsen or growth rates decelerate in India, or if there are natural disasters such as floods and droughts in areas where the Issuer's members live. Moreover, there is no precise method for predicting loan and credit losses, and the Issuer cannot assure that its monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If the Issuer are unable to control or reduce the level of its NPAs or poor credit quality loans, its financial condition and results of its operations could be materially and adversely affected.

- (b) ***Lending to small businesses poses unique risks not generally associated with other forms of lending in India, and, as a result, the Issuer may experience increased levels of NPAs and related provisions and write-off that negatively impact results of operations.***

Issuer's core business is to provide loans to Micro, Small and Medium Enterprise ("MSME") segments primarily in the urban and semi-urban areas. Any downturn in the area of activity by borrowers could adversely affect the ability of

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borrowers to make loan repayment on time and in turn negatively impact the Issuer's operation. Due to the precarious circumstances of borrowers and non-traditional lending practices the Issuer may, in the future experience increased level of non-performing loans and related provisions and write-offs that negatively impact its business and results of operations.

The Issuer has separated sales from credit risk department. This helps in better credit evaluation of the customer. A credit enhancement happens by the way of hypothecation of stocks/machineries and or mortgage of immovable property. The ability to repay the loan is taken care of by the internal credit evaluation and intention to repay is taken care of by the collaterals obtained.

(c) ***The Issuer is exposed to certain political, regulatory and concentration of risks***

Due to the nature of its operations, the Issuer is exposed to political, regulatory and concentration risks. The Issuer believes a mitigant to this is to expand its geographical reach and may consequently expand its operations other states. If it is not effectively able to manage such operations and expansion, it may lose money invested in such expansion, which could adversely affect its business and results of operations.

Large scale attrition, especially at the senior management level, can make it difficult for the Issuer to manage its business.

If the Issuer is not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain the Issuer's quality and reputation, it will be difficult for the Issuer to manage its business and growth. The Issuer depends on the services of its executive officers and key employees for its continued operations and growth. In particular, the Issuer's senior management has significant experience in the microfinance, banking and financial services industries. The loss of any of the Issuer's executive officers, key employees or senior managers could negatively affect its ability to execute its business strategy, including its ability to manage its rapid growth. The Issuer's business is also dependent on its team of personnel who directly manage its relationships with its members. The Issuer's business and profits would suffer adversely if a substantial number of such personnel left the Issuer or became ineffective in servicing its members over a period of time. The Issuer's future success will depend in large part on its ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience is intense in this industry, and the Issuer may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain its quality and reputation or to sustain or expand its operations. The loss of the services of such personnel or the inability to identify, attract and retain qualified personnel in the future would make it difficult for the Issuer to manage its business and growth and to meet key objectives.

(d) ***The Issuer's business and results of operations would be adversely affected by strikes, work stoppages or increased wage demands by employees***

The employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If the employees unionize, it may become difficult to maintain flexible labour policies, and could result in high labour costs, which would adversely affect the Issuer's business and results of operations.

(e) ***The Issuer's insurance coverage may not adequately protect it against losses. Successful claims that exceed its insurance coverage could harm the Issuer's results of operations and diminish its financial position***

The Issuer maintains insurance coverage of the type and in the amounts that it believes are commensurate with its operations and other general liability insurances. The Issuer's insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage.

In addition, there are various types of risks and losses for which the Issuer does not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to the Issuer on acceptable terms. A successful assertion of one or more large claims against the Issuer that

exceeds its available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer's business, financial condition and results of operations.

- (f) ***The Issuer's business and results of operations would be adversely affected by strikes, work stoppages or increased wage demands by employees***

The employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If the employees unionize, it may become difficult to maintain flexible labour policies, and could result in high labour costs, which would adversely affect the Issuer's business and results of operations.

- (g) ***The Issuer's insurance coverage may not adequately protect it against losses. Successful claims that exceed its insurance coverage could harm the Issuer's results of operations and diminish its financial position***

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In addition, there are various types of risks and losses for which the Issuer does not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to the Issuer on acceptable terms. A successful assertion of one or more large claims against the Issuer that exceeds its available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer's business, financial condition and results of operations.

- (h) ***The Issuer requires certain statutory and regulatory approvals for conducting its business and the failure to obtain or retain them in a timely manner, or at all, may adversely affect operations***

NBFCs in India are subject to strict regulation and supervision by the RBI. Pursuant to guidelines issued by the RBI, the Issuer is required to maintain its status as a NBFC. The Issuer requires certain approvals, licenses, registrations and permissions for operating its business, including registration with the RBI as a NBFC-ND. Further, such approvals, licenses, registrations and permissions must be maintained/renewed over time, applicable requirements may change, and the Issuer may not be aware of or comply with all requirements all of the time. In particular, the Issuer is required to obtain a certificate of registration for carrying on business as a NBFC-ND that is subject to numerous conditions.

- (i) ***Competition from banks and financial institutions, as well as state-sponsored programs, may adversely affect the Issuer's profitability and position in the Indian NBFC lending industry***

The Issuer faces most significant competition from other NBFCs and banks in India. Many of the institutions with which Issuer competes can have greater assets and better access to, and lower cost of, funding than the issuer. In certain areas, they may also have better name recognition and larger member bases than Issuer. Issuer anticipates that it may encounter greater competition as they continue expanding the operations in India, which may result in an adverse effect on the business, results of operations and financial condition.

4.12 **MODEL RISKS**

Investment in the Debentures is subject to model risk. The Debentures are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behaviour of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models.

4.13 **TRADING OF THE NCDS MAY BE LIMITED BY TEMPORARY EXCHANGE CLOSURES, BROKER DEFAULTS, SETTLEMENT DELAYS, STRIKES BY BROKERAGE FIRM EMPLOYEES AND DISPUTES.**

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

4.14 **REFUSAL OF LISTING OF ANY SECURITY OF THE ISSUER DURING LAST THREE YEARS BY ANY OF THE STOCK EXCHANGES IN INDIA OR ABROAD**

As on the date of this Placement Memorandum, no stock exchange in India or abroad has refused listing of any equity or debt security issued by the Issuer.

4.15 **IN CASE OF OUTSTANDING DEBT INSTRUMENTS OR DEPOSITS OR BORROWINGS:**

ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY AS PER TERMS AGREED: As on the date of this Placement Memorandum, the Issuer has not committed any default in compliance with the material covenants such as creation of security as per terms agreed in respect of any outstanding borrowings.

DEFAULT IN PAYMENT OF INTEREST: As on the date of this Placement Memorandum, the Issuer has not committed any default in payment of interest in respect of any outstanding borrowings.

DEFAULT IN REDEMPTION OR REPAYMENT: As on the date of this Placement Memorandum, the Issuer has not committed any default in redemption or repayment in respect of any outstanding borrowings.

NON-CREATION OF DEBENTURE REDEMPTION RESERVE: Pursuant Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, an NBFC is not required to maintain debenture redemption reserve for debentures issued on a private placement basis.

DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE: As on the date of this Placement Memorandum, the Issuer has not committed any default in payment of interest penal in respect of any outstanding borrowings.

OTHERS: A failure to observe the covenants under the Issuer's financing arrangements or to obtain necessary consents required thereunder may lead to the termination of the Issuer's credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under the Issuer's other financing agreements. If the obligations under any of the Issuer's financing documents are accelerated, the Issuer may have to dedicate a substantial portion of the Issuer's cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for the Issuer's working capital requirements and other general corporate purposes. Further, during any period in which the Issuer is in default, the Issuer may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect the Issuer's business, credit rating and financial condition, cash flows and results of operations. If the Issuer fails to meet its debt service obligations or covenants provided under the financing agreements, the relevant lenders could declare the Issuer to be in default under the terms of the Issuer's agreements or accelerate the maturity of the Issuer's obligations. the Issuer cannot assure the Investors that, in the event of any such acceleration, the Issuer will have sufficient resources to repay the borrowings.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 5: FINANCIAL STATEMENTS

The audited financial statements of the Issuer for the Financial Year ended March 31, 2022, March 31, 2021 and March 31, 2020, and the limited review financial statements as of June 30, 2022 are set out in **Annexure V** hereto.

SECTION 6: REGULATORY DISCLOSURES

This Placement Memorandum is prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this section, the Issuer has set out the details required as per the SEBI Debt Listing Regulations (including Schedule II thereof).

6.1 The Issuer shall file the following documents along with the listing application to the stock exchange and with the Debenture Trustee:

The following documents have been / shall be submitted to the BSE and the Debenture Trustee:

- (a) Placement Memorandum;
- (b) Memorandum of Association and Articles of Association;
- (c) Copy of the requisite board/ committee resolutions authorizing the borrowing and list of authorised signatories for the allotment of securities;
- (d) Copy of last three years Annual Reports;
- (e) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- (f) An undertaking from the issuer stating that the necessary documents for creation of the charge, wherever applicable, including the Trust Deed has been executed within the time frame prescribed in the relevant regulations/Act/rules etc. and the same would be uploaded on the website of the designated stock exchange, where such securities have been proposed to be listed;
- (g) In case of debt securities, an undertaking that permission / consent from the prior creditor for a second or pari passu charge being created, wherever applicable, in favour of the debenture trustee to the proposed issue has been obtained;
- (h) Any other particulars or documents that the recognized stock exchange may call for as it deems fit;
- (i) Due diligence certificate from the Debenture Trustee in the format as specified in Schedule IV of the Debt Listing Regulations; and
- (j) Due diligence certificate from the Debenture Trustee as per the format specified in Annexure B of the SEBI Due Diligence Circular.

6.2 The following documents have been / shall be submitted to BSE at the time of filing the draft of this Placement Memorandum:

Due diligence certificate from the Debenture Trustee as per the format specified in Annexure A of the SEBI Due Diligence Circular and the format as specified in Schedule IV of the Debt Listing Regulations.

6.3 Details of credit rating along with the latest press release of the Credit Rating Agency in relation to the issue and declaration that the rating is valid as on the date of issuance and listing. Such press release shall not be older than one year from the date of opening of the issue.

The Debentures have been rated "**CRISIL PP-MLD AA-r/Stable**". The rating letter, press release and the rating rationale from the Rating Agency is provided in **Annexure II**.

6.4 Name(s) of the stock exchange(s) where the non-convertible securities are proposed to be listed and the details of their in-principle approval for listing obtained from these stock exchange(s).

The Debentures are proposed to be listed on the WDM segment of BSE within 4 (four) Business Days from the Issue Closing Date. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis.

The Recovery Expense Fund is being/has been created by the Issuer with BSE

The in-principle approval from BSE is provided in **Annexure XI**.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

6.5 **Issue Schedule:**

PARTICULARS	DATE
Issue Opening Date	October 31, 2022
Issue Closing Date	October 31, 2022
Pay In Date	October 31, 2022
Deemed Date of Allotment	October 31, 2022

6.6 **Name, logo, addresses, website URL, email address, telephone number and contact person of:**

(a) **Debenture Trustee to the Issue**

Name	IDBI Trusteeship Services Limited (ITSL)
Logo	 IDBI Trusteeship Services Ltd
Address	Asian Building, 17, R Kamani Rd, Ballard Estate, Fort, Mumbai, Maharashtra 400001
Website	https://idbitrustee.com/
E-mail address	itsl@idbitrustee.com
Telephone Number	+91-22-40807000
Contact Person Details	Mr Naresh Sachwani

(b) **Credit Rating Agency for the Issue**

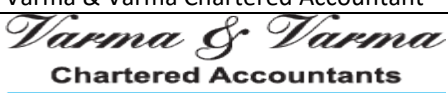
Name	CRISIL Ratings Limited
Logo	 CRISIL An S&P Global Company
Address	CRISIL House, Central Avenue Hiranandani Business Park, Powai Mumbai 400 076, Indi
Website	www.crisil.com
E-mail address	crisilratingdesk@crisil.com
Telephone Number	(+91 22) 3342 3000
Contact Person Details	Ms. Poonam Upadhyay

(c) **Registrar the Issue**

Name	Integrated Registry Management Services Private Limited
Logo	 Integrated since 1974 Investments Simplified
Address	5A, 2nd Floor, Kences Towers, 1, Ramakrishna Street, T. Nagar Chennai - 600 017
Website	https://integratedindia.in
E-mail address	corpserv@integratedindia.in
Telephone Number	+91-44-281-3405-46
Contact Person Details	Mr Yuvaraj

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

(d) **Statutory Auditors**

Name	Varma & Varma Chartered Accountant
Logo	
Address	Sreela Terrace", Level-4, Unit-D, No:105, First Main Road, Gandhinagar, Adyar, Chennai 600020
Website	http://www.varmaandvarma.com/
E-mail address	chennai@varmaandvarma.com
Telephone Number	+91 (0) 44 24454672 /24452239 /24423496
Contact Person Details	P. R. Prasanna Varma

(e) **Legal Counsel**

Name	N. A. The Issuer has been advised by its in-house legal and compliance team.
Logo	N. A
Address	N. A
Website	N. A
E-mail address	N. A
Telephone Number	N. A
Contact Person Details	N. A

(f) **Guarantor**

Name	N. A.
Logo	N. A
Address	N. A
Website	N. A
E-mail address	N. A
Telephone Number	N. A
Contact Person Details	N. A

(g) **Arrangers**

Name	N. A.
Logo	N. A
Address	N. A
Website	N. A
E-mail address	N. A
Telephone Number	N. A
Contact Person Details	N. A

6.7 **About the Issuer**

(A brief summary of the business/ activities of the Issuer and its subsidiaries with the details of branches or units if any and its line of business containing at least following information)

(a) **Overview of the business of the Issuer**

- Belstar Microfinance Limited (Formerly known as Belstar Investment and Finance Private Limited (Belstar) is Systemically Important Non -Deposit Non -Banking Financial Companies) and a subsidiary of Muthoot Finance Limited.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

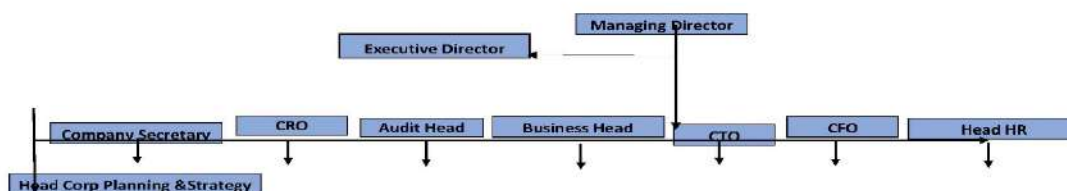
Guided by an expert Board member team and an able leadership, the company has successfully transitioned into a profitable and high-potential Microfinance Institution (MFI) with low credit risk. Belstar's business model is unique as it pursues a double bottom line focusing on both financial performance as well as social performance with the assistance of the Hand in Hand India in alleviating poverty coupled with community development. The Company's growth was further accelerated after the strategic equity investment by Muthoot Finance Limited, helping it secure an "AA-" rating. This has helped Belstar focus on diversification of the funding profile, expansion in operational states and making inroads into newer geographies. Belstar was incorporated in January 11, 1988 at Bangalore and being an NBFC, was registered with the RBI. The Company has been reclassified as an "NBFC-MFI" by RBI effective 11th December 2013. The Company is now a Non-Deposit taking Systemically Important NBFC-MFI.

(b) **Branch details:**

As on Sept 30, 2022, the Issuer operates in 799 branches across 18 states/union territories.

(c) **Corporate Structure of the Issuer**

The graphic description/organogram of the corporate structure of the Issuer is as follows:



(d) **Project cost and means of financing, in case of funding of new projects:** Not Applicable

6.8 **Financial Information**

(a) **A columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years which shall not be more than six months old from the date of the placement memorandum or issue opening date, as applicable****

Balance Sheet:

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Belstar Microfinance Limited		Rs In Millions			
Balance Sheet		As at	As at	As at	As at
(All amounts in ₹ lakhs unless otherwise stated)		30 June 2022 (Unaudited)	31 March 2022	31 March 2021	31 March 2020
I	Assets				
1	Financial assets				
	(a) Cash and cash equivalents	6224.80	7218.36	4,521.23	1,719.28
	(b) Bank balance other than (a) above	987.79	1360.18	1,256.62	1,423.79
	(c) Derivative financial instruments				
	(d) Receivables	4.96	3.46	3.14	1.60
	(c) Loans	37551.05	35542.53	27,837.47	20,888.68
	(d) Other financial assets	708.23	669.93	625.47	872.50
2	Non-financial Assets				
	(a) Current tax assets (net)	–	–	-	5.88
	(b) Deferred tax assets (net)	606.20	514.59	195.84	46.52
	(c) Investment property	1.1	1.10	1.10	1.10
	(d) Property, plant and equipment	47.09	47.68	35.76	53.73
	(e) Right of use asset	89.87	97.29	72.89	91.89
	(f) Other intangible assets	6.7	6.81	13.31	13.09
	(g) Intangible assets under development	1.15	0.49	0.55	-
	(h) Other non financial assets	149.07	140.43	109.50	70.27
	Total assets	46378.01	45,602.85	34,672.88	25,187.88
I	Liabilities and equity				
1	Financial liabilities				
	(a) Derivative financial instruments	0	0	0	0
	(b) Other payables	0	0	0	0
	(i) total outstanding dues of micro enterprises and small enterprises	0	0	0	0

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6.70	4.02	8.04	-
	(c) Debt securities	3290.86	3807.89	5,284.95	369.90
	(d) Borrowings (other than debt securities)	30,077.42	30118.88	21,032.99	17,541.68
	(e) Subordinated liabilities	1644.99	1643.59	1,638.42	1,044.09
	(f) Other financial liabilities	1095.5	1089.41	1,051.27	975.52
2	Non-financial liabilities				
	(a) Current tax liabilities (net)	109.35	64.87	20.34	-
	(b) Provisions	77.64	61.54	50.97	58.07
	(b) Deferred tax liabilities (net)	-	-	-	-
	(c) Other non-financial liabilities	291.82	253.33	168.74	220.34
3	Equity				
	(a) Equity share capital	488.44	456.09	375.21	375.21
	(b) Other equity	9295.29	8103.24	5,041.95	4,603.07
	Total Liabilities and equity	46,378.01	45,602.86	34,672.88	25,187.88

Statement of Profit and Loss :

Belstar Microfinance Limited		Rs In Millions			
		As at	Year ended	Year ended	Year ended
Statement of Profit and Loss					
(All amounts in ₹ lakhs unless otherwise stated)		30 June 2022	31 March 2022	31 March 2021	31 March 2020
I	Revenue from operations				
	Interest income	1842.89	6768.32	5229.37	4,649.45
	Net gain on Fair Value of changes	4.20	7.87	13.84	66.75
	Net Gain on derecognition of financial instruments under amortised cost category	237.77	458.73	242.68	266.76
	Sale of services	11.99	37.37	28.15	10.64
II	Other income	5.16	12.02	15.37	13.87
III	Total income (I + II)	2102.01	7284.31	5,531.59	5,007.47
IV	Expenses				
	Finance cost	811.48	2912.21	2,344.55	1,821.85
	Impairment of financial instruments	376.12	1497.5	807.55	229.50

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	Employee benefit expenses	474.80	1556.24	1,217.65	1,050.93
	Depreciation and amortization expense	26.99	86.39	92.55	90.80
	Other expenses	240.87	670.51	499.17	481.94
	Total expenses (IV)	1930.26	6722.85	4,961.47	3,675.02
V	Profit before exceptional items and tax (III - IV)	171.75	561.46	570.12	1,332.45
VI	Exceptional items				
VII	Profit before tax (V- VI)	171.75	561.46	570.12	1,332.45
VIII	Tax expense				
	(1) Current tax	125.08	422.77	261.36	291.45
	(2) Deferred tax	(91.46)	(312.6)	(150.50)	51.01
	(3) Tax relating to earlier years	-	-	(7.25)	-
IX	Profit for the year (VII - VIII)	138.13	451.29	466.51	989.99
X	Other comprehensive income				
A	(i) Items that will not be reclassified to profit or loss:				
	a. Remeasurement gains and (losses) on defined benefit obligations (net)	(0.57)	(2.27)	2.99	(1.28)
	b. Fair value changes on derivatives designated as cashflow hedge, (net)				
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.14	(0.02)	(0.75)	0.32
	Subtotal (A)	(0.43)	(2.29)	2.24	(0.96)
B	(i) Items that will be reclassified to profit or loss	-	(17.89)	(9.84)	(0.25)
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	6.18	2.48	0.06
	Subtotal (B)	-	(11.71)	(7.36)	(0.19)
	Other comprehensive income (A + B)	(0.43)	(14.00)	(5.12)	(1.15)
XI	Total comprehensive income for the year (IX + X)	137.70	437.29	461.39	988.84

Statement of cash flow:

Belstar Microfinance Limited	Rs In Millions			
Statement of cash flow	As at	Year ended	Year ended	Year ended
(All amounts in ₹ lakhs unless otherwise stated)	30 June 2022	31 March 2022	31 March 2021	31 March 2020
Cash flow from operating activities				
Profit before income tax	171.75	561.46	570.12	1,332.45
Adjustments for:				
Depreciation and amortisation expense	26.99	86.39	92.55	90.80
Impairment of financial instruments	376.12	1497.5	807.55	229.50
Provision for insurance claim receivable		-	-	-
Loss/(Profit) on sale of fixed assets (net)		-	(0.13)	(0.17)
Realised gain on investment held for trading	(4.2)	(7.87)	(13.83)	(66.75)
Finance cost	811.48	2912.21	2,344.55	1,821.85
Interest on deposits	(62.11)	(163.05)	(163.26)	(99.99)
Share based payments to employees	0	0	0	0
Operating profit before working capital changes	1320.03	4,886.64	3,637.55	3,307.69
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Loans	(2384.64)	(9220.45)	(7,763.27)	(4,720.43)
Trade receivables	(1.50)	(0.32)	(1.54)	6.86
Other financial assets	(59.66)	(10.89)	232.30	(296.63)
Other non financial assets	(8.65)	(9.73)	(0.62)	(17.20)
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	2.69	(4.03)	8.05	-
Other financial liabilities	123.41	232.81	(228.43)	586.62
Other non financial liabilities	0	0	0	0
Other provisions	15.53	8.32	(4.11)	9.88
Cash flow generated used in operations	0	0	0	0
Interest Income on deposits	0	0	0	0
Net cash flow (used in) operations	(992.79)	(4117.65)	(4,120.07)	(1,123.23)
Interest paid on borrowings	(870.82)	(3009.62)	(2130.41)	(1891.16)
Net Income tax paid	(80.62)	(399.42)	(266.51)	(299.72)
Net cash (used in) in operating activities (A)	(1944.23)	(7526.69)	(6,516.99)	(3,314.11)
Cash flow from investing activities				
Capital Expenditure	-		-	-
Proceeds from sale of property, plant and equipment	-	-	0.18	0.31
Purchase of property, plant and equipment	(12.58)	(51.31)	(34.19)	(73.43)

Purchase of other intangible assets				
Net movement in bank deposits	372.39	(103.56)	167.17	(328.92)
Dividend received	4.20	7.87	13.83	66.75
Interest income on deposits	83.22	128.53	177.10	80.02
Net cash flow generated from investing activities (B)	447.23	(18.47)	324.09	(255.27)
Cash flow from financing activities				
Proceeds from long term borrowings	(565.97)	7587.22	9,065.09	3,158.15
Payment towards Lease liabilities	(14.45)	(37.97)	(37.40)	(25.07)
Interest paid on Lease liabilities	(2.84)	(11.84)	(10.33)	(10.02)
Dividend paid on equity shares	-	(11.26)	(22.51)	(22.62)
Proceeds from issue of shares	1086.70	2716.14	-	-
Net cash flow from financing activities (C)	503.44	10242.29	8,994.85	3,100.44
Net increase in cash and cash equivalents (A+B+C)	(993.56)	2697.13	2,801.95	(468.95)
Cash and cash equivalents at the beginning of the period	7218.36	4521.23	1,719.28	2,188.23
Cash and cash equivalents at the end of the period	6224.80	7218.36	4,521.23	1,719.28

** The above information is not available on a consolidated basis as this is not applicable to the Company.

Note: Listed issuers (whose debt securities or specified securities are listed on recognised stock exchange(s)) in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, may disclose unaudited financial information for the stub period in the format as prescribed therein with limited review report in the placement memorandum, as filed with the stock exchanges, instead of audited financial statements for stub period, subject to making necessary disclosures in this regard in placement memorandum including risk factors: The latest audited financial statements for the financial year ended March 31, 2022 and the limited review financial statements for the period ended June 30, 2022 have been disclosed.

- (b) **Issuers other than unlisted REITs / unlisted InvITs desirous of issuing debt securities on private placement basis and who are in existence for less than three years may disclose financial statements mentioned at (a) above for such period of existence, subject to the following conditions:**
- The issue is made on the EBP platform irrespective of the issue size; and**
 - The issue is open for subscription only to Qualified Institutional Buyers**

N.A.

- (c) **The above financial statements shall be accompanied with the Auditor's Report along with the requisite schedules, footnotes, summary etc.**

Please refer **Annexure V** for the audited financial statements of the Issuer for the Financial Year ended March 31, 2022, March 31, 2021 and March 31, 2020, and the limited review financial statements as of June 30, 2022 along with the auditor's report along with the requisite schedules, footnotes, summary etc.

- (d) **Key Operational and Financial Parameters on a consolidated basis and standalone basis (in INR, in Lakh)****

Standalone Basis

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	As at June 30,2022
Balance Sheet				
Net Fixed assets	6.79	5.02	5.61	5.60
Current assets	1522.65	2366.71	3197.33	3215.08
Non-current assets	990.28	1100.59	1362.95	1422.72
Total assets	2,518.79	3,467.29	4560.28	4637.80
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Deferred tax liabilities (net) Other non-current liabilities	1287.16	1790.47	2407.61	2343.86
Current Liabilities (including maturities of long-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Current tax liabilities (net) Other current liabilities	1225.76	1676.82	2152.67	2293.94
Equity (equity and other equity)	37.52	37.52	45.61	48.84
Total equity and liabilities	2,518.79	3,467.29	4560.28	4637.8
Profit and Loss				
Total revenue				
From operations	500.74	553.16	728.43	210.20
Other income				
Total Expenses	367.50	496.14	672.28	193.03
Total comprehensive income				
Profit / loss	98.88	46.14	56.15	17.17
Other comprehensive income				
Profit / loss after tax	98.99	46.65	45.13	13.81
Earnings per equity share: (a) basic; and (b) diluted				
Continuing operations	26.39	12.43	12.01	3.02
Discontinued operations				
Total Continuing and discontinued operations				
Cash Flow				
Net cash generated from operating activities	-331.41	-645.25	-752.67	-194.42
Net cash used in / generated from investing activities	-25.53	32.40	-1.85	44.72
Net cash used in financing activities	310.04	893.05	1024.23	50.34
Cash and cash equivalents	314.31	577.79	452.12	721.84
Balance as per statement of cash flows	171.93	452.12	721.84	622.48
Additional Information				
Net worth	497.83	541.72	855.93	978.37

Cash and Cash Equivalents	314.31	577.79	452.12	721.84
Current Investments	-	-	0	0
Assets Under Management	2,630.09	3,298.73	4364.91	4695.61
Off Balance Sheet Assets	799.42	513.15	758.43	860.69
Total Debts to Total assets	75.26	80.65	78.00	75.50
Debt Service Coverage Ratios	3.81	5.16	4.16	3.58
Interest Income	464.94	544.24	676.83	184.29
Interest Expense	182.18	234.46	291.22	81.15
Interest service coverage ratio	1.73	1.24	1.19	1.21
Provisioning & Write-offs	22.95	80.75	149.75	37.61
Bad debts Recovery	1.32	1.50	1.17	0.50
Bad debts to Account receivable ratio	0.60	0.68	0.60	0.15
Gross NPA (%)	1.11%	2.72%	6.65%	9.47%
Net NPA (%)	0.09%	0.60%	2.32%	3.88%
Tier I Capital Adequacy Ratio (%)	21.50%	16.64%	20.96%	22.68%
Tier II Capital Adequacy Ratio (%)	4.17%	5.60%	3.10%	2.67%

** The above information is not available on a consolidated basis as this is not applicable to the Company.

(e) **Debt: Equity Ratio of the Issuer**

Before the issue	3.49
After the issue	3.85

6.9 **Details of any other contingent liabilities of the issuer based on the last audited financial statements including amount and nature of liability**

Nature of Liability	As at March 31,2022 (Rs in Million)	As at March 31,2021 (Rs in Million)
Income tax - AY 2017-18	105.11	73.15

6.10 **A brief history of the Issuer since its incorporation giving details of its following activities:**

(a) **Details of Share Capital as on last quarter end, i.e., September 30,2022**

SHARE CAPITAL	AMOUNT
Authorised Share Capital	
10,00,00,000 Equity Shares of Rs. 10/-each	Rs. 100,00,00,000
TOTAL	Rs. 100,00,00,000
Issued, Subscribed and Fully Paid- up Share Capital	
3,75,20,524 Equity Shares of Rs. 10/-each	Rs.48,84,40,550
TOTAL	Rs. 48,84,40,550

(b) **Changes in its capital structure as on last quarter end, i.e., September 30,2022, for the last three years:**

DATE OF CHANGE (AGM/EGM)	PARTICULARS
March 14,2020	Reclassification of the Authorised Share Capital of the Company from Rs. 100,00,00,000 (Rupees One Hundred Crores Only) comprising 5,00,00,000 (Five Crores Only) Equity Shares of Rs. 10/- each and 5,00,00,000 (Five Crores Only) Preference Shares of Rs. 10/- each, to Rs. 100,00,00,000 (Rupees One Hundred Crores Only) comprising 10,00,00,000 (Ten Crores Only) Equity Shares of Rs. 10/- each."

(c) **Equity Share Capital History of the Company for the last three years:**

DATE OF ALLOTMENT	NO. OF EQUITY SHARES	FACE VALU E (IN INR)	ISSUE PRICE (IN INR)	CONSID ERATIO N (CASH, OTHER THAN CASH, ETC)	NATURE OF ALLOTME NT	CUMULATIVE			REMA RKS
						NO. OF EQUITY SHARES	EQUITY SHARE CAPITAL	EQUITY SHARE PREMIUM	
As at March 31,2018						2,46,46,568	24,64,65,680	49,54,76,280	
17.07.2018	3243184	10	45	CASH	Preferenti al allotment on private placement basis	2,78,89,752	27,88,97,520	97,14,78,396	
16.08.2018	956816	10	55			2,88,46,568	28,84,65,680	111,19,10,280	
29.08.2018	4146201	10	156.77			3,29,92,769	32,99,27,690	172,04,48,200	
24.12.2018	4527755	10	156.77			3,75,20,524	37,52,05,240	238,49,86,802	
29.03.2022	8088236	10	340			4,56,08,760	45,60,87,600	5,05,,41,04,682	
#Adjustment of Premium amount								(3,38,58,999)	
29.06.2022	3235295	10	340	CASH	Preferenti al allotment on private placement basis	4,88,44,055	48,84,40,550	6,08,78,93,033	
#Adjustment of Premium amount								(1,32,98,000)	

the transaction cost for issue of equity shares were adjusted against the share premium

(d) **Details of any Acquisition or Amalgamation in the last 1 (one) year:**

NIL

(e) **Details of any Reorganization or Reconstruction in the last 1 (one) year:**

NIL

(f) **Details of the shareholding of the Company as at the latest quarter end, i.e., September 30, 2022, as per the format specified under the listing regulations:** The shareholding pattern of the Issuer as of the last quarter end, i.e., September 30, 2022 prepared in accordance with the LODR Regulations is set out in **Annexure XII**.(g) **List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e., September 30, 2022.**

S. NO.	NAME OF THE SHAREHOLDERS	TOTAL NUMBER OF EQUITY SHARES	NUMBER OF SHARES IN DEMAT FORM	TOTAL SHAREHOLDING AS PERCENTAGE (%) OF TOTAL NO. OF EQUITY SHARES
1	DR KALPANA SANKAR	43,850	43,850	0.09
2	Mr. CV SANKAR	100	100	0.00

3	MS D BINDU	100	100	0.00
4	SARVAM FINANCIAL INCLUSION TRUST	5987161	5987161	12.26
5	HAND IN HAND CONSULTING SERVICES PRIVATE LIMITED	341237	341237	0.07
6	MUTHOOT FINANCE LIMITED	27825405	27825405	56.97
7	MAJ INVEST FINANCIAL INCLUSION FUND II K/S	4793260	4793260	9.81
8	ARUM HOLDINGS LIMITED	7647059	7647059	15.66
9	AUGUSTA INVESTMENTS ZERO PTE LTD	2205883	2205883	4.52

6.11 Following details regarding the directors of the Company

(a) Details of the current directors of the Company:

This table sets out the details regarding the Company's Board of Directors as on date of this Placement Memorandum:

NAME	DESIGNATION	DIN	AGE (in years)	ADDRESS	DATE OF APPOINTMENT	DETAILS OF OTHER DIRECTORSHIPS	WHETHER WILLFUL DEFAULTER (YES/NO)
Kalpanaa Sankar	Managing Director	01926545	58	No. 2/226, Second street, Karpagambal Nagar, Kottivakkam, Chennai-600041	11-02-2009	1. Hand in Hand consulting services Private Limited	NO
B Balakumaran	Wholtime Director	09099182	60	No3/1135, G2, JKB Sri Arul flats Madha nagar, 2nd mainroad, Mugalivakkam Madhananthapuram, Chennai - 600125	29-04-2021	NIL	NO
Subramanian Ananthanarayanan	Independent Director	01777552	73	Plot no-209, 8thstreet, Malleswari Nagar, Madambakkam, Chennai – 600 126	20-12-2013	NIL	NO
Vadakkakara Antony George	Independent Director	01493737	73	Flat T-3, Shireen no.2, Karpagam Avenue, R A Puram, Chennai, Tamil Nadu, 600028	18-08-2018	1.Thejo Engineering Limited 2.Muthoot Finance Limited	NO
Venkataraman Krishnamoorthy	Independent Director	02443410	69	No 4/18, Sri Sakthi Vijayalakshmi Nagar 1st Street off 100 Feet Bypass Road, Velacherry Chennai-60042	23-09-2019	Coastal Local Area Bank Limited	NO
Chinnasamy Ganesan	Independent Director	07615862	59	Flat No.1, SPA Mount 99, LDG Road, Little Mount, Saidapet Chennai 600015	14-03-2020	NIL	NO

Kuttickattu Rajappan Bijimon	Investor Director	00023071	52	Kuttickattu House,36/943-B,East of lissie Hospital, journalist road, Ernakulam North,Ernakulam 682018	27-06-2016	1.MUTHOOT FOREX LTD 2. MUTHOOT SECURITIES LTD 3 MUTHOOT COMMODITIES LIMITED 4. BACKDROP ADVERTISING PRIVATE LIMITED 5. MJBR MARKETING AND FINANCIAL SERVICES PRIVATE LIMITED 6. MUTHOOT HOMEFIN (INDIA) LIMITED 7. MUTHOOT ROYALEX FOREX SERVICES PRIVATE LIMITED 8. MUTHOOT MONEY LIMITED 9. EMGEE BOARD AND PAPER MILLS (P) LTD 10. EMSYNE TECHNOLOGIES PRIVATE LIMITED	NO
George Alexander	Investor Director	00018384	39	Muthoot House, G-343 Panampilly Nagar Ernakulam Kerala- 682036	29-03-2017	1. AMBOLI RUBBER & PLANTATIONS PRIVATE LIMITED 2. MANERI RUBBER & PLANTATIONS PRIVATE LIMITED 3. XANDARI HERITAGE RESORTS PRIVATE LIMITED 4. MUTHOOT INFOPARK PRIVATE LIMITED 5. MUTHOOT INSURANCE BROKERS PRIVATE LTD 6. MUTHOOT ROYALEX FOREX SERVICES PRIVATE LIMITED 7. MUTHOOT SECURITIES LIMITED 8. EMSYNE TECHNOLOGIES PRIVATE LIMITED 9. PANGRAD PLANTATIONS PRIVATE LIMITED 10. NUEVO CAP FINTECH PRIVATE LTD 11. RANGANA RUBBER & PLANTATIONS PRIVATE LIMITED 12. SAWANTHAVADI RUBBER AND PLANTATION PRIVATE LIMITED 13. UNIX PROPERTIES PRIVATE LIMITED 14. VAGADE PLANTATIONS PRIVATE LIMITED 15. VAGHOTAM PLANTATIONS PRIVATE LIMITED 16. VARAVADE PLANTATIONS PRIVATE LIMITED	NO

						17. VENUS DIAGNOSTICS LTD 18. MUTHOOT FINANCE LTD	
George Muthoot Jacob	Investor Director	00018955	39	Muthoot House, H NO: TC 4/2515 Marappalam, Pattom .PO Trivandrum, Kerla -695004	29-03-2017	1. VATUL PLANTATIONS PRIVATE LIMITED 2. GREEN GUARDIANS ORGANIC FARMS ANDEXPORTS PRIVATE LIMITED 3. UDELI RUBBER AND PLANTATIONS PRIVATE LIMITED 4. HALAVAL RUBBER & PLANTATIONS PRIVATE LIMITED 5. KASAL RUBBER & PLANTATIONS PRIVATE LIMITED 6. MUTHOOT VEHICLE & ASSET FINANCE LIMITED 7. EMGEE MUTHOOT NIDHI LIMITED 8. GEOBROS PROPERTIES AND REALTORS PRIVATE LIMITED 9. EMSYNE TECHNOLOGIES PRIVATE LIMITED 10. XANDARI HOSPITALITY SERVICES PRIVATE LIMITED 11. VENUS DIAGNOSTICS LIMITED 12. MMG CREDIT MARKETING SERVICES PRIVATE LIMITED 13. MUTHOOT MONEY LIMITED 14. MUTHOOT SECURITIES LIMITED 15. MUTHOOT BROADCASTING PRIVATE LIMITED 16. V GUARD INDUSTRIES LIMITED 17. MUTHOOT FINANCE LIMITED	NO
David Arturo Paradiso	Investor Director	08181832	40	Adonia Building, B-Wing Apt. 1101, South Avenue, Hiranandani Gardens, Powai Mumbai 400076	29-08-2018	1. MJIC CONSULTANCY PVT LIMITED 2. SUB-K IMPACT SOLUTIONS LIMITED 3. AROHAN FINANCIAL SERVICES LIMITED	NO
Vijay Nallan Chakravarthi	Investor Director	08020248	47	2401, Planet Goderaaj Tower-1 K.K Marg, Mahalaxmi Mumbai-400011	29-03-222	1. NORTHERN ARC CAPITAL LIMITED 2. PRAGATI FINSERV PRIVATE LIMITED 3. AFFIRMA CAPITAL INVESTMENT ADVISER INDIA PRIVATE LIMITED	NO

(b) **Details of change in directors since last three years:**

NAME	DESIGNATION	DIN	DATE OF APPOINTMENT	DATE OF CESSATION, IF APPLICABLE	DATE OF RESIGNATION, IF APPLICABLE	REMARKS
Natarajan Jeyaseelan	Director	02281278	23-09-2015	-	05-04-2019	Due Retirement
Sitaraman Chandrasekar	Wholetime Director	02360909	22-04-2019	-	31-03-2021	Due to Retirement
Srinivasann Aravamuthan Iyengar	Independent Director	07846141	22-06-2017	-	23-09-2019	Due completion of tenure
Venkataraman Krishnamoorthy	Independent Director	02443410	23-09-2019	-	-	-
Chinnasamy Ganesan	Independent Director	07615862	14-03-2020	-	-	-
Vijay Nallan Chakravarthi	Investor Director	08020248	29-03-2022	-	-	-

6.12 Following details regarding the auditors of the Issuer:

(a) Details of the auditor of the Issuer:

NAME OF THE AUDITOR	ADDRESS	AUDITOR SINCE
Varma & Varma Chartered Accountant	Sreela Terrace", Level-4, Unit-D, No:105, First Main Road, Gandhinagar, Adyar, Chennai 600020	FY 2021-22

(b) Details of change in auditors since last three years:

NAME OF THE AUDITOR	ADDRESS	DATE OF APPOINTMENT	DATE OF CESSATION, IF APPLICABLE	DATE OF RESIGNATION, IF APPLICABLE
M/s N. Sankaran & Co.	66/19A, Egmore, Chennai- 600008	15-09-2014	-	12-11-2021

6.13 Details of borrowings of the Company, as at the end of the last quarter or if available, a later date:

The information set out in (a) to (d) and (f) below has been disclosed as of September 30, 2022.

(a) Details of Outstanding Secured Loan Facilities:

NAME OF LENDER	TYPE OF FACILITY	AMOUNT SANCTIONED (IN INR)	PRINCIPAL AMOUNT OUTSTANDING (IN INR)	REPAYMENT DATE/TENURE (MONTHS)	SECURITY (BOOK DEBTS/RECEIVABLES)
ADITYA BIRLA FINANCE LTD	Term Loan	400000000	200000000	18	110%
AXIS BANK LTD	Term Loan	4990000000	2090139876	24	110%
BAJAJ FINANCE LIMITED	Term Loan	350000000	178260874	24	110%
BANDHAN BANK LTD	Term Loan	750000000	749999407	24	105%

BANK OF BAHRAIN & KUWAIT B. S. C	Term Loan	550000000	400000000	24	105%
BANK OF BARODA	Term Loan	4000000000	2006666666	36	110%
DBS BANK INDIA LIMITED	Term Loan	300000000	24955043	36	110%
DBS BANK INDIA LIMITED	Term Loan	1750000000	679166666	24	110%
DCB BANK LTD	Term Loan	500000000	427057058.	26	110%
DHANALAXMI BANK	Term Loan	850000000	439863630	36	110%
HDFC BANK	Term Loan	1000000000	725000004	24	110%
HERO FINCORP LTD	Term Loan	350000000	78773382	24	110%
HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	Term Loan	1000000000	791666667	24	110%
ICICI BANK LTD	Term Loan	5240000000	3411753247	24	110%
IDBI BANK	Term Loan	1500000000	1056557336	24	110%
IDFC BANK LTD	Term Loan	2250000000	1089850003	24	110%
INDIAN BANK	Term Loan	1000000000	248058583.3	36	110%
INDIAN BANK	Term Loan	2000000000	416666654	24	110%
INDIAN OVERSEAS BANK	Term Loan	500000000	437500000	27	111%
INDUSIND BANK LTD	Term Loan	1000000000	182335709	24	110%
KARNATAKA BANK	Term Loan	900000000	749932445	39	105%
KARUR VYSYA BANK LTD	Term Loan	200000000	16666666	36	110%
KOTAK MAHINDRA BANK	Term Loan	2500000000	1384497229	24	110%
MUTHOOT VEHICLE & ASSET FINANCE LIMITED	Term Loan	70000000	52500000	24	100%
NABKISAN FINANCE LIMITED	Term Loan	600000000	383271729	36	110%
NABSAMRUDDHI FINANCE LTD	Term Loan	200000000	18332861	24	110%
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT	Term Loan	2000000000	600000000	24	110%
PUNJAB NATIONAL BANK	Term Loan	2950000000	937087522	36	110%
RBL BANK LTD	Term Loan	3000000000	1137500000	24	110%
SBM BANK (INDIA) LTD	Term Loan	800000000	587499063	24	110%
SIDBI LTD	Term Loan	1500000000	1160099999	36	100%
STANDARD CHARTERED BANK	Term Loan	850000000	743750000	24	110%
STATE BANK OF INDIA	Term Loan	6100000000	4231393006	36	110%
STATE BANK OF INDIA	Cash Credit	100000000	0	On Demand	100%

TATA CAPITAL FINANCIAL SERVICES LIMITED	Term Loan	400000000	209090900	24	110%
THE FEDERAL BANK LTD	Term Loan	500000000	249968735	24	110%
UCO BANK	Term Loan	2000000000	1332493414	36	105%
UJJIVAN SMALL FINANCE BANK	Term Loan	400000000	200000000	24	110%
UNION BANK	Term Loan	250000000	186999216	36	111%
UTKARSH SMALL FINANCE BANK	Term Loan	300000000	174999999	24	110%
WOORI BANK LTD	Term Loan	950000000	462499988	24	105%
YES BANK LTD	Term Loan	550000000	137499999.9	24	105%
YES BANK LTD	Cash Credit	100000000	0	On Demand	105%

(b) **Details of Outstanding Unsecured Loan Facilities:**

NAME OF LENDER	TYPE OF FACILITY	AMOUNT SANCTIONED (IN INR)	PRINCIPAL AMOUNT OUTSTANDING (IN INR)	REPAYMENT DATE/ TENURE (MONTHS)
Muthoot insurance brokers Private . Ltd	Unsecured Loan	20,00,00,000	14140740	36
Maanaveeya Development & Finance Private Limited	Sub debts	25,00,00,000	25,00,00,000	72

(c) **Details of Outstanding Non-Convertible Securities:**

SERIES OF NCS/ ISIN	TENOR / PERIOD OF MATURITY (IN MONTHS)	COUPON %	AMOUNT (IN INR)	DATE OF ALLOTMENT	REDEMPTION DATE / SCHEDULE	CREDIT RATING	SECURED / UNSECURED	SECURITY (%)
INE443L08024	74	11.5	150000000	31-03-2017	31-05-2023	ICRA A+	UNSECURED	NA
INE443L08032	74	11.5	100000000	28-04-2027	31-05-2023	ICRA A+	UNSECURED	NA
INE443L08040	74	12.00	70000000	23-06-2027	30-07-2023	ICRA A+	UNSECURED	NA
INE443L08107	72	14.5	240000000	03-12-2019	03-12-2025	CARE A+	UNSECURED	NA
INE443L08115	73	14.5	150000000	30-03-2020	15-05-2026	CARE A+	UNSECURED	NA
INE443L08123	60	14	200000000	11-09-2020	11-09-2025	CARE A+	UNSECURED	NA
INE443L08131	84	14.5	500000000	30-09-2020	30-09-2027	CARE A+	UNSECURED	NA
INE443L07059	35	11	250000000	16-06-2020	16-05-2023	CARE A+	SECURED	105
INE443L07067	36	11	200000000	17-06-2020	17-06-2023	CARE A+	SECURED	110
INE443L07075	34	10.58	500000000	24-06-2020	21-04-2023	CARE A+	SECURED	125
INE443L07083	36	11	700000000	30-06-2020	30-06-2023	CARE A+	SECURED	110
INE443L07091	36	11	350000000	09-07-2020	07-07-2023	CARE A+	SECURED	110

(d) **List of Top 10 holders of non-convertible securities in terms of value (in cumulative basis) as at September 30, 2022**

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SR.NO.	NAME OF HOLDER OF NON-CONVERTIBLE SECURITIES	AMOUNT (IN INR)	% OF TOTAL NON-CONVERTIBLE SECURITIES OUTSTANDING
1	PUNJAB NATIONAL BANK	50,00,00,000	15.55
2	NORTHERN ARC CAPITAL LIMITED	50,00,00,000	15.55
3	STATE BANK OF INDIA	50,00,00,000	15.55
4	INDIAN BANK	35,00,00,000	10.88
5	UNION BANK OF INDIA	30,00,00,000	9.33
6	BANK OF INDIA	25,00,00,000	7.78
7	CANARA BANK	20,00,00,000	6.22
8	GEORGE THOMAS	20,50,00,000	6.37
9	GEORGE ALEXANDER	20,50,00,000	6.37
10	GEORGE JACOB	20,50,00,000	6.37

- (e) **Details of Outstanding Commercial Paper as at the end of the last quarter, i.e., September 30, 2022, in the following format:**

S. NO.	ISIN OF COMMERCIAL PAPER	MATURITY DATE	AMOUNT OUTSTANDING
NIL			

- (f) **Details of the Rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares):**

NAME OF PARTY (IN CASE OF FACILITY)/ NAME OF INSTRUMENT	TYPE OF FACILITY / INSTRUMENT	AMOUNT SANCTIONED/ ISSUED	PRINCIPAL AMOUNT OUTSTANDING	DATE OF REPAYMENT/ SCHEDULE	CREDIT RATING	SECURED / UNSECURED	SECURITY
NIL							

- 6.14 **Details of any outstanding borrowings taken/ debt securities issued for consideration other than cash. This information shall be disclosed whether such borrowing/ debt securities have been taken/ issued: (i) in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option or not:**

NIL

- 6.15 **Where the issuer is a Non-Banking Finance Company or Housing Finance Company the following disclosures on Asset Liability Management (ALM) shall be provided for the latest audited financials**

S. NO.	PARTICULARS OF DISCLOSURE	DETAILS
1.	Details with regard to lending done out of the issue proceeds of earlier issuances of debt securities (whether public issue or private placement) by NBFC	Lending Policy: Please refer Section 9. Classification of Loans given to associate or entities related to Board, Senior management, promoters, etc: Please refer Section 9.

		Classification of loans into several maturity profile denomination: Please refer Section 9. Aggregated exposure to top 20 borrowers: Please refer Section 9. Details of loans, overdue and classified as Non performing assets (NPA): Please refer Section 9.
2.	Details of borrowings made by NBFC	Portfolio Summary of borrowings made by NBFC: Please refer Section 9. Quantum and percentage of Secured vs. Unsecured borrowings: Please refer Section 9.
3.	Details of change in shareholding	Any change in promoters holding in NBFC during last financial year beyond the threshold prescribed by Reserve Bank of India: Please refer Section 9.
4.	Disclosure of Assets under management	Segment wise break up and Type of loans: Please refer Section 9.
5.	Details of borrowers	Geographical location wise: Please refer Section 9.
6.	Details of Gross NPA	Segment wise: Please refer Section 9.
7.	Details of Assets and Liabilities	Residual maturity profile wise into several bucket: Please refer Section 9.
8.	Additional details of loans made by, Housing Finance Company	N.A.
9.	Disclosure of latest ALM statements to stock exchange	Please refer Section 9.

- 6.16 **Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Company, in the past 3 years including the current financial year:**

NIL

- 6.17 **Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, litigations resulting in material liabilities, corporate restructuring event etc) at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the non-convertible securities.**

NIL

- 6.18 **Any litigation or legal action pending or taken by a Government Department or a statutory body during the last three years immediately preceding the year of the issue of prospectus against the promoter of the Company:**

NIL

- 6.19 **Details of default and non-payment of statutory dues**

NIL

- 6.20 **The names of the debenture trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given its consent for appointment along with the copy of the consent letter from the debenture trustee.**

The Debenture Trustee for the proposed issuance of Debentures is **IDBI Trusteeship Services Limited**. Debenture Trustee has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this Placement Memorandum and in all the subsequent periodical communications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in **Annexure III** of this Placement Memorandum.

- 6.21 **If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document**

NA

- 6.22 **Disclosure of Cash flow with date of interest/dividend/ redemption payment as per day count convention: Please refer Annexure VI.**

- (a) ***The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made, should be disclosed:*** Interest and all other charges shall accrue based on an actual/actual basis.
- (b) ***Procedure and time schedule for allotment and issue of securities should be disclosed:*** Please refer Section 6.5 and Section 10.
- (c) ***Cash flows emanating from the non-convertible securities shall be mentioned in the offer document, by way of an illustration:*** Please refer Annexure VI.

- 6.23 **Disclosures pertaining to wilful defaulter:**

- (a) **The following disclosures shall be made if the issuer or its promoter or director is declared wilful defaulter:**
- (i) ***Name of the bank declaring as a wilful defaulter:*** NIL
- (ii) ***The year in which it was declared as a wilful defaulter:*** NA
- (iii) ***Outstanding amount when declared as a wilful defaulter:*** NA
- (iv) ***Name of the entity declared as a wilful defaulter:*** NA
- (v) ***Steps taken, if any, for the removal from the list of wilful defaulters:*** NA
- (vi) ***Other disclosures, as deemed fit by the issuer in order to enable investors to take informed decisions:*** NA
- (vii) ***Any other disclosure as specified by the Board:*** NA
- (b) **The fact that the issuer or any of its promoters or directors is a wilful defaulter shall be disclosed prominently on the cover page with suitable cross-referencing to the pages:** NA

6.24 **Undertaking by the Issuer:** Please refer Section 7.1.

6.25 **Risk Factors:** Please refer Section 4.

6.26 **Attestation by Directors:** Please refer Section 7.3.

6.27 **Disclosure in case of non-convertible preference shares:** Not Applicable.

6.28 **Other details:**

(a) ***Creation of Debenture Redemption Reserve (DRR) / Capital Redemption Reserve (CRR) - relevant legislations and applicability:***

- (i) It is hereby clarified that as on the Effective Date, pursuant to the Companies (Share Capital and Debenture Rules), 2014, non-banking financial companies registered with the RBI are exempted from the requirement to maintain a debenture redemption reserve ("DRR") in case of privately placed debentures.
- (ii) The Issuer hereby agrees and undertakes that, if required under Applicable Law, it will create a DRR in accordance with the provisions of the Act (and the rules and regulations made thereunder) and the guidelines issued by the relevant Governmental Authorities.
- (iii) If during the tenor of the Debentures, any guidelines are formulated (or modified or revised) by any Governmental Authority in respect of creation of the DRR, the Issuer shall abide by such guidelines and shall do all deeds, acts and things as may be required by the Debenture Trustee.
- (iv) Where applicable, the Issuer shall submit to the Debenture Trustee a certificate duly certified by a chartered accountant certifying that the Issuer has transferred the required amount to the DRR at the end of each Financial Year.
- (v) In addition to the foregoing, to the extent required by Applicable Law, the Issuer shall invest or deposit amounts up to such thresholds, and in such form and manner and within the time periods, as may be prescribed by Applicable Law, in respect of any amounts of the Debentures maturing in any Financial Year.

(b) ***Issue/instrument specific regulations - relevant details (Companies Act, Reserve Bank of India guidelines, etc.):***

The Issue of Debentures shall be in conformity with the applicable provisions of the Companies Act including the relevant notified rules thereunder, the SEBI Debt Listing Regulations, the LODR Regulations, the Debenture Trustees Regulations, the SEBI Listed Debentures Circulars, the MLD Issuance Requirements and other RBI guidelines and SEBI guidelines applicable to issuance of non-convertible debentures by NBFCs on a private placement basis.

(c) ***Default in Payment:***

Please refer the sections named "Default Interest Rate" and "Additional Disclosures (Default in Payment)" of Section 8.1 (Summary Terms) in respect of the additional interest in the event of a Payment Default.

Please also refer Section 8.2.6.2(a) in respect of an event of default arising due to a non-payment by the Issuer.

(d) **Delay in Listing:**

Please refer the section named "*Listing (name of stock Exchange(s) where it will be listed and timeline for listing)*" of Section 8.1 (*Summary Terms*) in relation to the listing requirements in respect of the Debentures and section named "*Additional Disclosures (Delay in Listing)*" of Section 8.1 (*Summary Terms*) in respect of the default interest in the event of delay in listing.

(e) **Delay in allotment of securities:**

(i) The Company shall ensure that the Debentures are allotted to the respective Debenture Holders and are credited into the demat accounts of the relevant Debenture Holders within the timelines prescribed under the SEBI Listing Timelines Requirements.

(ii) The Debentures have been deemed to be allotted to the Debenture Holders on October 31, 2022 ("**Deemed Date of Allotment**"). All benefits relating to the Debentures are available to the Debenture Holders from the Deemed Date of Allotment.

(iii) If the Company fails to allot the Debentures to the Applicants within 60 (sixty) calendar days from the date of receipt of the Application Money ("**Allotment Period**"), it shall repay the Application Money to the Applicants within 15 (fifteen) calendar days from the expiry of the Allotment Period ("**Repayment Period**").

(iv) If the Company fails to repay the Application Money within the Repayment Period, then Company shall be liable to repay the Application Money along with interest at 12% (twelve percent) per annum, gross of withholding taxes, from the expiry of the Allotment Period.

(f) **Issue details:** Please refer Section 8.

(g) **Application process:** The application process for the Issue is as provided in Section 10 of this Placement Memorandum.

(h) **Disclosure prescribed under PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 but not contained in this schedule, if any:** The finalised form of the PPOA prepared in accordance with the Form PAS 4 prescribed under the Companies (Prospectus and Allotment of Securities), Rules, 2014 is provided as **Annexure XIII**. Please refer **Annexure XIII** for all disclosures required under the Companies (Prospectus and Allotment of Securities), Rules, 2014 are set out therein.

(i) **Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project:** Not applicable.

6.29 **Details in case of non-convertible redeemable preference shares issue:** Not Applicable.

6.30 **Summary Terms:** Please refer Section 8.1.

SECTION 7: UNDERTAKINGS AND DISCLOSURES BY THE ISSUER AND DIRECTORS**7.1 UNDERTAKING BY THE ISSUER**

- (a) Investors are advised to read the risk factors (set out in Section 4) carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities/Debentures have not been recommended or approved by the any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document.

Specific attention of investors is invited to the statement of 'Risk factors' given on page number 21 under the section 'General Risks'.

- (b) The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Offer Document/Placement Memorandum contains all information with regard to the Issuer and the Issue, that the information contained in the offer document/Placement Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Offer Document/Placement Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
- (c) The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the offer document/Placement Memorandum. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

7.2 UNDERTAKING ON SECURITY

- (a) The assets over which security is proposed to be created to secure the Debentures are sole and absolute property of the Issuer and are free from any mortgage, charge or encumbrance and are not subject to any lis pendens, attachment, or other order or process issued by any Governmental Authority.
- (b) The assets over which security is proposed to be created to secure the Debentures to meet the hundred percent security cover or higher security cover are free from any encumbrances and in case the assets are encumbered, the permissions or consent to create any further charge on the assets has been obtained from the existing creditors to whom the assets are charged, prior to creation of the charge.

7.3 ATTESTATION BY DIRECTORS

The directors of the Issuer hereby attest as follows:

- (a) The Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act, 2013 and the rules and regulations made thereunder.
- (b) The compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of non-convertible securities, is guaranteed by the Central Government.
- (c) The monies received under the offer shall be used only for the purposes and objects indicated in the Offer Document/Placement Memorandum.

Date: October 31, 2022

For Private Circulation only

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (d) Whatever is stated in this Offer Document/Placement Memorandum and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form/Placement Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

- (e) General Risk:

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section 4 of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

I am authorized by the Board of Directors of the Company vide resolution dated January 31, 2022 of the board of directors of the Issuer read with the resolution dated October 25, 2022 of the finance committee of the board of directors of the Issuer to sign this Placement Memorandum and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this Placement Memorandum and matters incidental thereto have been complied with. Whatever is stated in this Placement Memorandum and in the attachments thereto is true, correct and complete and no information material to the subject matter of the shelf disclosure document has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

On behalf of the directors of the Issuer:



Authorised Signatory

Name: Sunil Kumar Sahu

Title: Company Secretary

Date: October 31, 2022

SECTION 8: TERMS OF THE ISSUE**8.1 SUMMARY TERMS**

Security Name (Name of the non-convertible securities which includes (Coupon/dividend, Issuer Name and maturity year) e.g. 8.70% XXX 2015.	9.35% BML 2024
Issuer	Belstar Microfinance Limited
Type of Instrument	Rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures
Nature of Instrument (Secured or Unsecured)	Senior Secured
Seniority (Senior or Subordinated)	Senior
Eligible Investors	As specified in Section 10.14 (<i>Eligible Investors</i>).
Listing (name of stock Exchange(s) where it will be listed and timeline for listing)	(a) The Issuer shall submit all duly completed documents to the BSE, SEBI, the jurisdictional registrar of companies or any other Governmental Authority, as are required under Applicable Law and obtain the listing of the Debentures within the timelines prescribed under the SEBI Listing Timelines Requirements ("Listing Period"). (b) The Issuer shall ensure that the Debentures continue to be listed on the wholesale debt market segment of the BSE. (c) The Issuer shall ensure that the Debentures at all times are rated in accordance with the provisions of the Transaction Documents and that the rating of the Debentures is not downgraded or withdrawn until the Final Settlement Date. (d) In the event there is any delay in listing of the Debentures beyond the Listing Period, the Issuer will: (i) pay to the Debenture Holders, penal interest of 1% (one percent) per annum over the Annualised Interest Rate, from the Deemed Date of Allotment until the listing of the Debentures is completed; and (ii) be permitted to utilise the issue proceeds of its 2 (two) subsequent privately placed issuances of securities only after receiving final listing approval from the stock exchange(s).
Rating of the Instrument	The Debentures are rated as "CRISIL PP-MLD AA-r/Stable" by CRISIL Ratings Limited
Issue Size	The Debentures are being issued at the aggregate face value of INR 300,00,00,000 (Indian Rupees Three Hundred Crore) inclusive of a green shoe option of up to INR 50,00,00,000 (Indian Rupees Fifty Crore). Pursuant to this Placement Memorandum, the addressee of this Placement Memorandum has the option to subscribe to an additional amount of up to 500 (five hundred) Debentures with a face value of INR 10,00,000 (Rupees Ten Lakh) each, aggregating to INR 50,00,00,000 (Indian Rupees Fifty Crore) ("Green Shoe Option").
Minimum Subscription	1 (one) Debenture and in multiples of 1 (one) Debenture thereafter

Option to retain oversubscription (Amount)	N.A. However, there is a green shoe option in respect of the Debentures of 500 (five hundred) Debentures with a face value of INR 10,00,000 (Rupees Ten Lakh) each, aggregating to INR 50,00,00,000 (Indian Rupees Fifty Crore). Please refer the section named "<i>Issue Size</i>" above.
Objects of the Issue / Purpose for which there is requirement of funds	The funds raised by the Issue shall be utilized by the Issuer for the following purposes ("Purpose"): (a) for general corporate purposes of the Issuer; (b) for utilization in the ordinary course of business of the Issuer (including repayment/re-financing of any existing Financial Indebtedness of the Issuer); and (c) for deployment in the business of the Issuer, and the growth of the asset book of the Issuer. The amount equivalent to 100% of the funds raised by the Issue will be utilized towards the objects set out in paragraphs (a) to (c) above. The Issuer has not, as of the date of the Placement Memorandum, determined the specific allocation between the objects set out in paragraphs (a) to (c) above. The funds raised by the Issue shall be utilised by the Issuer solely for the Purpose and the Issuer shall not use the proceeds of the Issue towards: (i) any capital market instrument such as equity, debt, debt linked, and equity linked instruments or any other capital market related activities (whether directly or indirectly); (ii) any speculative purposes; (iii) investment in the real estate sector/real estate business (including the acquisition/purchase of land); (iv) in contravention of Applicable Law (including without limitation, any guidelines, rules or regulations of the RBI and SEBI); (v) for providing loan to or acquisitions of shares of any person who is a part of the same group as the Issuer or who is under the same management as the Issuer; and (vi) any purpose, that is not eligible for the providing of financing by banks to non-banking financial companies for bank finance to non-banking financial companies, or, which results in a breach of the RBI's circular bearing no. DOR.CRE.REC.No.07/21.04.172/2022-23 dated April 1, 2022 on "<i>Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)</i>".
In case the issuer is a NBFC and the objects of the issue entail loan to any entity who is a 'group company' then disclosures shall be made in the following format:	Not Applicable. The proceeds raised from the Issue will be used solely for the Purpose.

Details of the utilization of the Proceeds	The funds raised by the Issue shall be utilized by the Issuer for the following purposes: (a) for general corporate purposes of the Issuer; (b) for utilization in the ordinary course of business of the Issuer (including repayment/re-financing of any existing Financial Indebtedness of the Issuer); and (c) for deployment in the business of the Issuer, and the growth of the asset book of the Issuer. The amount equivalent to 100% of the funds raised by the Issue will be utilized towards the objects set out in paragraphs (a) to (c) above. The Issuer has not, as of the date of the Placement Memorandum, determined the specific allocation between the objects set out in paragraphs (a) to (c) above. The funds raised by the Issue shall be utilised by the Issuer solely for the Purpose and the Issuer shall not use the proceeds of the Issue towards: (i) any capital market instrument such as equity, debt, debt linked, and equity linked instruments or any other capital market related activities (whether directly or indirectly); (ii) any speculative purposes; (iii) investment in the real estate sector/real estate business (including the acquisition/purchase of land); (iv) in contravention of Applicable Law (including without limitation, any guidelines, rules or regulations of the RBI and SEBI); (v) for providing loan to or acquisitions of shares of any person who is a part of the same group as the Issuer or who is under the same management as the Issuer; and (vi) any purpose, that is not eligible for the providing of financing by banks to non-banking financial companies for bank finance to non-banking financial companies, or, which results in a breach of the RBI's circular bearing no. DOR.CRE.REC.No.07/21.04.172/2022-23 dated April 1, 2022 on "<i>Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)</i>".
Coupon/Dividend Rate	APPLICABLE DEFINITIONS "Annualised Interest Rate" or "Annualised Coupon Rate" means: (a) 9.35% (nine decimal three five percent) (XIRR), if the Reference Index Yield is less than or equal to 18% (eighteen percent); and/or (b) 9.30% (nine decimal three zero percent) (XIRR), if the Reference Index Yield is greater than 18% (eighteen percent) but less than or equal to 24% (twenty four percent); and/or

	(c) 0% (zero percent) (XIRR), if the Reference Index Yield is greater than 24% (twenty four percent). "Digital Level" means, as on the date of observation and at the time of observation, the yield of the Reference Index. "Final Fixing Date" means: (a) if the Debentures are being redeemed on the Final Redemption Date, the date occurring 30 (thirty) days prior to the Final Redemption Date; or (b) if the Debentures are being redeemed on any date other than the Final Redemption Date, the date occurring 30 (thirty) days prior to any date on which a Redemption Payment in respect of the Debentures is required to be made in accordance with terms of the Transaction Documents. "Final Fixing Level" means the yield of the Reference Index on the Final Fixing Date (determined in accordance with the Digital Level). "Interest Amounts" or "Coupon Amounts" means, for redemption/premature redemption of Debentures in the manner set out in the DTD, in respect of any Debenture, the interest or the coupon payable on such Debenture, determined as follows: $IA = OPA * [(1 + \text{Annualised Interest Rate})^{(\text{Tenor in days}/365)} - 1]$ where: (a) "IA" is the Interest Amounts; (b) "OPA" is the Outstanding Principal Amounts in respect of such Debenture; and (c) "Tenor in Days" means the period between the Deemed Date of Allotment and the date on which the Debentures are to be redeemed in accordance with the DTD, determined in days. "Reference Index" means the 6.54% GS 2032, having ISIN IN0020210244 and maturing on January 17, 2032, as published by Financial Benchmarks India Private Limited (available at www.fbil.org.in). "Reference Index Yield" means the yield of the Reference Index on the Final Fixing Date (determined in accordance with the Digital Level). INTEREST ON DEBENTURES (a) The Interest Amounts shall accrue and be payable by the Issuer to the relevant Debenture Holders in the manner determined herein on the Final Redemption Date. (b) In case, due to any reason whatsoever, the yield of the Reference Index on the Final Fixing Date is not available/visible for the purposes of determining the Final Fixing Level and/or Reference Index Yield, then, the last determined/known yield of the Reference Index immediately
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	preceding the Final Fixing Date will be considered for the purposes of determining the Final Fixing Level and/or Reference Index Yield. The indicative interest payment and redemption schedule is set out in Annexure VI.
Step Up/Step Down Coupon Rate	Not Applicable.
Coupon/Dividend Payment Frequency	The Interest Amounts shall accrue and be payable by the Issuer to the relevant Debenture Holders in the manner determined herein on the Final Redemption Date. The indicative cash flows are set out in Annexure VI below.
Coupon/Dividend Payment Dates	The Interest Amounts shall accrue and be payable by the Issuer to the relevant Debenture Holders in the manner determined herein on the Final Redemption Date. The indicative cash flows are set out in Annexure VI below.
Cumulative / non cumulative, in case of dividend	Not Applicable.
Coupon Type (Fixed, floating or other structure)	The interest/coupon is linked to the Reference Index Yield (as defined under this Placement Memorandum).
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).	N.A.
Day Count Basis (Actual/Actual)	Interest and all other charges shall accrue based on an actual/actual basis.
Interest on Application Money	(i) Interest at 9.35% (nine decimal three five percent) per annum, subject to deduction of tax at source in accordance with Applicable Law, will be paid by the Issuer on the Application Money to the Applicants from the date of receipt of such Application Money up to (and including) the day occurring 1 (one) day prior to the Deemed Date of Allotment for all valid applications, within 7 (seven) Business Days from the Deemed Date of Allotment. Where pay-in date of the Application Money and the Deemed Date of Allotment are the same, no interest on Application Money will be payable. (ii) Where the entire subscription amount has been refunded, the interest on Application Money will be paid along with the refunded amount to the bank account of the Applicant as described in the Application Form by electronic mode of transfer such as (but not limited to) RTGS/NEFT/direct credit. (iii) Where an Applicant is allotted a lesser number of Debentures than applied for, the excess amount paid on application will be refunded to the Applicant in the bank account of the Applicant as described in the Application Form towards interest on the refunded money by electronic mode of transfer like RTGS/NEFT/direct credit. Details of allotment will be sent to every successful Applicant.
Default Interest Rate	(a) On the occurrence of a Payment Default, the Issuer agrees to pay additional interest at 2% (two percent) per annum over the Annualised Interest Rate in respect of the Debentures on the Outstanding Principal Amounts from the date of the occurrence of a Payment Default until such Payment Default is cured or the Secured Obligations are repaid. Such amounts shall be determined separately with reference to the abovementioned incremental rate and paid in

	addition to the Interest Amounts together with the Redemption Payment on the relevant Due Date. (b) If the Transaction Security is not created and/or perfected within the time period prescribed under the Transaction Documents and in accordance with the terms of the Transaction Documents, the Issuer will pay additional interest at the rate of 2% (two percent) per annum above the Interest Rate on the Outstanding Principal Amounts until the creation and perfection of the Transaction Security to the satisfaction of the Debenture Trustee. Such amounts shall be determined separately with reference to the abovementioned incremental rate and paid in addition to the Interest Amounts together with the Redemption Payment on the relevant Due Date. PROVIDED THAT no additional interest will be payable pursuant to this paragraph (b) if any additional interest is being paid by the Issuer pursuant to Section 8.2.4(m) below. (c) The Issuer agrees to pay additional interest at 2% (two percent) per annum over the Annualised Interest Rate in respect of the Debentures on the Outstanding Principal Amounts from the date of the occurrence of any breach of any covenants (including any financial covenants) set out in the DTD or the other Transaction Documents (other than a Payment Default) until such breach is cured or the Secured Obligations are repaid. Such amounts shall be determined separately with reference to the abovementioned incremental rate and paid in addition to the Interest Amounts together with the Redemption Payment on the relevant Due Date. PROVIDED THAT no additional interest will be payable pursuant to this paragraph (c) if any additional interest is being paid by the Issuer pursuant to paragraph (b) above and/or Section 8.2.4(m) below. (d) Unless specifically provided otherwise, any additional/default interest payable by the Issuer in accordance with any provision of the DTD or any other Transaction Document shall be in addition to and independent of any additional/default interest payable by the Issuer in accordance with any other provision of the DTD or any other Transaction Document.
Tenor	24 (twenty four) months from the Deemed Date of Allotment.
Redemption Date	October 31, 2024
Redemption Amount	INR 10,00,000 (Indian Rupees Ten Lakh) per Debenture. The Debentures shall be fully redeemed on a <i>pari passu</i> basis by the Issuer by making the payment of the Outstanding Principal Amounts on the Final Redemption Date in accordance with Annexure VI below.
Redemption Premium/Discount	N A
Issue Price	INR 10,00,000 (Indian Rupees Ten Lakh) per Debenture
Discount at which security is issued and the effective yield as result of such discount	N A
Put Date	N A
Put Price	N A
Call Date	N A
Call Price	N A

Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	N A
Call Notification Time (Timelines by which the Issuer need to intimate investor before exercising the call)	N A
Face Value	INR 10,00,000 (Indian Rupees Ten Lakh) per Debenture
Minimum subscription amount and in multiples thereafter	Minimum application shall not be less than INR 10,00,000 (Indian Rupees Ten Lakh) (being 1 (one) Debenture) and in multiples of 1 (one) Debenture thereafter.
Issue Timing	
1. Issue Opening Date	October 31, 2022
2. Issue Closing Date	October 31, 2022
3. Date of earliest closing of the issue, if any.	N.A.
4. Pay-in Date	October 31, 2022
5. Deemed Date of Allotment	October 31, 2022
Settlement Mode of the Instrument	Electronic mode of transfer like RTGS/NEFT/direct credit
Depository	NSDL and CDSL
Disclosure of Interest/Dividend/ redemption dates	Please refer Annexure VI below for the indicative cash flows.
Record Date	15 (fifteen) calendar days prior to each Due Date
All covenants of the issue (including side letters, accelerated payment clause, etc.)	To be more particularly set out in the DTD and the other Transaction Documents. Please also refer Section 8.2 (<i>Terms of the Transaction Documents</i>) below for an indicative list of representations and warranties of the Issuer, financial covenants, reporting covenants, affirmative covenants, and negative covenants, and acceleration on event of default. All other covenants prescribed by/commercially agreed with the proposed investors are set out in this Section 8.1 (<i>Summary Terms</i>).
Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the	TRANSACTION SECURITY (a) The Debentures shall be secured on or prior to the Deemed Date of Allotment by way of (i) a first ranking exclusive and continuing charge to be created in favour of the Debenture Trustee pursuant to an unattested deed of hypothecation, dated on or about the Effective Date, executed or to be executed and delivered by the Issuer in a form acceptable to the Debenture Trustee ("Deed of Hypothecation") over certain identified book debts/loan receivables of the Issuer as described therein (the "Hypothecated Assets"), and (ii) such other security interest as may be agreed between the Issuer and the Debenture Holders ((i) and (ii) above are collectively referred to as the "Transaction Security").

debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Placement Memorandum	(b) The charge over the Hypothecated Assets shall be at least 1.1 (one decimal one) times the value of the Outstanding Amounts, wherein the value of the principal receivables under the Client Loans comprising the Hypothecated Assets shall be at least 1.1 (one decimal one) times the value of the Outstanding Amounts (collectively, the "Security Cover"), and shall be maintained at all times commencing from the Deemed Date of Allotment until the Final Settlement Date. It is clarified that for the purposes of the above, the Annualised Interest Rate (for the purposes of calculating the accrued Interest Amounts) shall be deemed to be 9.35% (nine decimal three five percent) (XIRR). (c) The value of the Hypothecated Assets for this purpose (for both initial and subsequent valuations) shall be the amount reflected as the value thereof in the books of accounts of the Issuer. (d) The Issuer shall create the charge over the Hypothecated Assets on or prior to the Deemed Date of Allotment and perfect such security by filing Form CHG-9 with the ROC and by ensuring and procuring that the Debenture Trustee files Form I with CERSAI in respect thereof within the time period prescribed under the Deed of Hypothecation. (e) The Issuer further agrees, declares and covenants as follows: (i) all the Hypothecated Assets that will be charged to the Debenture Trustee under the Deed of Hypothecation shall always be kept distinguishable and held as the exclusive property of the Issuer specifically appropriated to the Transaction Security and be dealt with only under the directions of the Debenture Trustee; (ii) the Issuer shall not create any charge, lien or other encumbrance upon or over the Hypothecated Assets or any part thereof except in favour of the Debenture Trustee nor will it do or allow anything that may prejudice the Transaction Security; (iii) the Debenture Trustee shall be at liberty to incur all costs and expenses as may be necessary to preserve the Transaction Security and to maintain the Transaction Security undiminished and claim reimbursement thereof; (iv) the Issuer shall, at the time periods set out in the Deed of Hypothecation, provide a list of the Hypothecated Assets to the Debenture Trustee over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Security Cover; (v) the Issuer shall, within the timelines prescribed under the Deed of Hypothecation, add fresh receivables/Client Loans to the Hypothecated Assets so as to ensure that the Security Cover is maintained or replace such Hypothecated Assets that do not satisfy the eligibility criteria prescribed in the Transaction Documents;
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	(vi) the Issuer shall, within such time period as may be prescribed under the Deed of Hypothecation and as and when required by the Debenture Trustee, give full particulars to the Debenture Trustee of all the Hypothecated Assets from time to time; (vii) the security interest created on the Hypothecated Assets shall be a continuing security; and (viii) the Hypothecated Assets shall fulfil the eligibility criteria set out in the Deed of Hypothecation. SPECIFIC DISCLOSURES (a) Type of security: Receivables/book debts. (b) Type of charge: Hypothecation. (c) Date of creation of security/ likely date of creation of security: On or prior to the Deemed Date of Allotment. (d) Minimum security cover: At least 1.1 (one decimal one) times the value of the Outstanding Amounts, wherein the value of the principal receivables under the Client Loans comprising the Hypothecated Assets shall be at least 1.1 (one decimal one) times the value of the Outstanding Amounts. (e) Revaluation: N. A. (f) Replacement of security: The Issuer shall, within the timelines prescribed under the Deed of Hypothecation, add fresh receivables/Client Loans to the Hypothecated Assets so as to ensure that the Security Cover is maintained or replace such Hypothecated Assets that do not satisfy the eligibility criteria prescribed in the Transaction Documents. To be set out in detail in the Deed of Hypothecation. (g) Interest over and above the coupon rate: (i) If the Transaction Security is not created and/or perfected within the time period prescribed under the Transaction Documents and in accordance with the terms of the Transaction Documents, the Issuer will pay additional interest at the rate of 2% (two percent) per annum above the Interest Rate on the Outstanding Principal Amounts until the creation and perfection of the Transaction Security to the satisfaction of the Debenture Trustee. Such amounts shall be determined separately with reference to the abovementioned incremental rate and paid in addition to the Interest Amounts together with the Redemption Payment on the relevant Due Date. PROVIDED THAT no additional interest will be payable pursuant to this paragraph (i) if any additional interest is being paid by the Issuer pursuant to paragraph (ii) below. (ii) in the event of any delay in the execution of any Transaction Document (including the DTD or the Deed of Hypothecation)
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	or the creation of security in terms thereof, the Issuer will, at the option of the Debenture Holders, either: (A) if so required by the Debenture Holders, refund the Application Money together with interest (including interest accrued) at the Annualised Interest Rate/discharge the Secured Obligations; and/or (B) pay to the Debenture Holders additional interest at the rate of 2% (two percent) per annum on the Outstanding Principal Amounts in addition to the Annualised Interest Rate until the relevant Transaction Document is duly executed or the security is duly created in terms thereof or the Secured Obligations are discharged (whichever is earlier).
Transaction Documents	means: (a) the DTD; (b) the Debenture Trustee Agreement; (c) the Deed of Hypothecation; (d) the Debt Disclosure Documents; (e) the letters issued by the, and each memorandum of understanding/agreement entered into with, the Rating Agency, the Debenture Trustee and/or the Registrar; (f) each tripartite agreement between the Issuer, the Registrar and the relevant Depository; and (g) any other document that may be designated as a Transaction Document by the Debenture Trustee or the Debenture Holders, and "Transaction Document" means any of them.
Conditions precedent to Disbursement	The Issuer shall, prior to the Deemed Date of Allotment, fulfil the following conditions precedent, each in a form and manner satisfactory and acceptable to the Debenture Trustee/the Applicants: AUTHORISATIONS (a) a copy of the Issuer's Constitutional Documents certified as correct, complete and in full force and effect by the appropriate officer; (b) copies of the authorisations, approvals and licenses received by the Issuer from the RBI; (c) a copy of the resolution of the Issuer's board of directors and any resolution of any committee of the board of directors authorising the execution, delivery and performance of the Transaction Documents certified as correct, complete and in full force and effect by an appropriate officer of the Issuer; (d) a copy of the resolution of the shareholders of the Issuer in accordance with Section 180(1)(c) of the Companies Act approving the borrowing contemplated under the Transaction Documents certified as correct, complete and in full force and effect by the appropriate officer; (e) a copy of the resolution of the shareholders of the Issuer in accordance with Section 180(1)(a) of the Companies Act approving the creation of Transaction Security in accordance with the terms of the Transaction Documents certified as correct, complete and in full force and effect by the appropriate officer;

	(f) (to the extent applicable) a copy of the resolution of the shareholders of the Issuer under Section 42 of the Companies Act approving issuance of non-convertible debentures by the Issuer on a private placement basis certified as correct, complete and in full force and effect by the appropriate officer; TRANSACTION DOCUMENTS (g) execution, delivery and stamping of the Transaction Documents (including the Debt Disclosure Documents) in a form and manner satisfactory to the Debenture Trustee; CERTIFICATES AND CONFIRMATIONS (h) a copy of the rating letter and the rating rationale issued by the Rating Agency in relation to the Debentures; (i) a copy of the consent from the Debenture Trustee to act as the debenture trustee for the issue of Debentures; (j) a copy of the consent from the Registrar to act as the registrar and transfer agent for the issue of Debentures; (k) a copy of the tripartite agreement(s) executed between the Issuer, the Registrar and the relevant Depository; OTHERS (l) evidence that all "know your customer" requirements prescribed by the Debenture Trustee and the Applicants have been provided/fulfilled; (m) the audited financial statements of the Issuer for the Financial Year ended March 31, 2022; (n) a copy of the in-principle approval provided by the BSE in respect of the listing of the Debentures; (o) a certificate from the authorised signatories of the Issuer addressed to the Debenture Trustee confirming as on the Deemed Date of Allotment/the date of the certificate: (i) the persons authorised to sign the Transaction Documents and any document to be delivered under or in connection therewith, on behalf of the Issuer, together with the names, titles and specimen signatures of such authorised signatories; (ii) the Issuer has the necessary power under the Constitutional Documents to borrow monies by way of the issuance of the Debentures and create the Transaction Security to secure such Debentures; (iii) the issuance of the Debentures and the creation of security over the Hypothecated Assets will not cause any limit, including any borrowing or security providing limit binding on the Issuer to be exceeded;
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	(iv) no consents and approvals are required by the Issuer from its creditors or any Governmental Authority or any other person for the issuance of the Debentures and creation of security under the Deed of Hypothecation; (v) the representations and warranties contained in the DTD and the other Transaction Documents are true and correct in all respects; (vi) no Event of Default has occurred or is subsisting; (vii) no Material Adverse Effect has occurred; and (viii) no investor or shareholder consent/approval, pursuant to the articles of association of the Issuer or any shareholders' agreements or other documents/instruments entered into by the Issuer and its shareholders and investors, is required for the Issuer to enter into or perform its obligations under the Transaction Documents; and (p) such other information, documents, certificates, opinions and instruments as the Debenture Trustee and the Applicants may request in connection with the transactions contemplated under the Transaction Documents.
Conditions Subsequent to Disbursement	The Issuer shall fulfil the following conditions subsequent, to the satisfaction of the Debenture Trustee, following the Deemed Date of Allotment: (a) the Issuer shall ensure that the Debentures are allotted to the respective Debenture Holders and are credited into the demat accounts of the relevant Debenture Holders within the timelines prescribed under the SEBI Listing Timelines Requirements; (b) the Issuer shall make the application for listing of the Debentures and obtain listing of the Debentures within the time period prescribed under the SEBI Listing Timelines Requirements; (c) the Issuer shall file a return of allotment of securities under Form PAS-3 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the ROC within 15 (fifteen) calendar days of the allotment of the Debentures along with a list of the Debenture Holders and with the prescribed fee; (d) if so required, the Issuer shall maintain and file a copy of Form PAS-5 in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014 in respect of the issue of the Debentures; (e) the Issuer shall, in respect of the Deed of Hypothecation, file a copy of Form CHG-9 with ROC and shall ensure and procure that the Debenture Trustee files the prescribed Form I with CERSAI, each within 30 (thirty) days from the date of execution of the Deed of Hypothecation; and (f) such other information, documents, certificates, opinions and instruments as the Debenture Trustee and the Applicants may request in connection with the transactions contemplated under the

	Transaction Documents.
Event of Default (including manner of voting /conditions of joining Inter Creditor Agreement)	Please refer Section 8.2.6 below.
Creation of recovery expense fund	The Issuer hereby undertakes and confirms that it shall, within the time period prescribed under the SEBI Recovery Expense Fund Circular, establish and maintain the Recovery Expense Fund in such manner/mode as is prescribed under the SEBI Recovery Expense Fund Circular.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Please refer the section named " <i>Default Interest Rate</i> " and Section 8.2.6 below.
Provisions related to Cross Default	The below is an Event of Default. (i) The Issuer: (A) defaults in any payment of any Financial Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Financial Indebtedness was created; and/or (B) defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (determined without regard to whether any notice is required) any such Financial Indebtedness to become due prior to its stated maturity, and such Financial Indebtedness of the Issuer is declared to be due and payable. (ii) Any Financial Indebtedness of the Issuer shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof.
Roles and Responsibilities of the Debenture Trustee	In addition to the powers conferred on the Debenture Trustee in the DTD and Applicable Law, and without limiting the liability of the Debenture Trustee, it is agreed as follows: (a) the Debenture Trustee may, in relation to the DTD and the other Transaction Documents, act on the opinion or advice of or any information obtained from any solicitor, counsel, advocate, valuer, surveyor, broker, auctioneer, qualified accountant or other expert whether obtained by the Issuer or by the Debenture Trustee or otherwise; (b) subject to the approval of the Debenture Holders by way of a Special Resolution passed at a meeting of the Debenture Holders held for determining the liability of the Debenture Trustee, the Debenture Trustee shall, as regards all trusts, powers, authorities and discretions, have the discretion as to the exercise thereof and to the mode and time of exercise thereof. In the absence of any fraud, gross negligence,

	willful misconduct or breach of trust the Debenture Trustee shall not be responsible for any loss, costs, charges, expenses or inconvenience that may result from the aforementioned exercise or non-exercise thereof. The Debenture Trustee shall not be bound to act at the request or direction of the Debenture Holders under any provisions of the Transaction Documents unless sufficient amounts shall have been provided or provision to the satisfaction of the Debenture Trustee has been made for providing such amounts and the Debenture Trustee is indemnified to its satisfaction against all further costs, charges, expenses and liability which may be incurred in complying with such request or direction;
	(c) with a view to facilitating any dealing under any provisions of the DTD or the other Transaction Documents, subject to the Debenture Trustee obtaining the consent of the Majority Debenture Holders, the Debenture Trustee shall have (i) the power to consent (where such consent is required) to a specified transaction or class of transactions (with or without specifying additional conditions); and (ii) to determine all questions and doubts arising in relation to the interpretation or construction any of the provisions of the DTD;
	(d) the Debenture Trustee shall not be responsible for the amounts paid by the Applicants for the Debentures;
	(e) the Debenture Trustee shall not be responsible for acting upon any resolution purporting to have been passed at any meeting of the Debenture Holders in respect whereof minutes have been made and signed even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not valid or binding upon the Debenture Holders;
	(f) the Debenture Trustee and each receiver, attorney, manager, agent or other person appointed by it shall, subject to the provisions of the Companies Act, be entitled to be indemnified by the Issuer in respect of all liabilities and expenses incurred by them in the execution or purported execution of the powers and trusts thereof;
	(g) subject to the approval of the Debenture Holders by way of a Special Resolution passed at a meeting of Debenture Holders held for determining the liability of the Debenture Trustee and in the absence of fraud, gross negligence, willful misconduct or breach of trust, the Debenture Trustee shall not be liable for any of its actions or deeds in relation to the Transaction Documents;
	(h) subject to the approval of the Debenture Holders by way of Special Resolution passed at a meeting of Debenture Holders held for determining the liability of the Debenture Trustee and in the absence of fraud, gross negligence, willful misconduct or breach of trust, the Debenture Trustee, shall not be liable for any default, omission or delay in performing or exercising any of the powers or trusts herein expressed or contained herein or in enforcing the covenants contained herein or in giving notice to any person of the execution hereof or in taking any other steps which may be necessary, expedient or desirable or for any loss or injury which may be occasioned by reason thereof unless the Debenture Trustee shall have been previously requested by notice in writing to perform, exercise or do any of such steps as

	aforesaid given in writing by the Majority Debenture Holders or by a Majority Resolution duly passed at a meeting of the Debenture Holders. The Debenture Trustee shall not be bound to act at the request or direction of the Debenture Holders under any provisions of the Transaction Documents unless sufficient amounts shall have been provided or provision to the satisfaction of the Debenture Trustee has been made for providing such amounts and the Debenture Trustee is indemnified to its satisfaction against all further costs, charges, expenses and liability which may be incurred in complying with such request or direction; (i) notwithstanding anything contained to the contrary in the DTD, the Debenture Trustee shall, before taking any action on behalf of the Debenture Holders or providing any consent on behalf of the Debenture Holders, obtain the written consent of the Majority Debenture Holders; (j) the Debenture Trustee shall forward to the Debenture Holders copies of any information or documents from the Issuer pursuant to the DTD within 2 (two) Business Days of receiving such information or document from the Issuer; and (k) the Debenture Trustee shall, until the Final Settlement Date, adhere to and comply with its obligations and responsibilities under the SEBI Defaults (Procedure) Circular and the SEBI Recovery Expense Fund Circular. PROVIDED THAT nothing contained in this sub-section shall exempt the Debenture Trustee or any receiver, attorney, manager, agent or other person appointed by the Debenture Trustee from or indemnify them against any liability for breach of trust nor any liability which by virtue of any rule or Applicable Law would otherwise attach to them in respect of any negligence, default or breach of trust which they may be guilty of in relation to their duties hereunder.
Risk factors pertaining to the issue	Please refer Section 4 (<i>Risk Factors</i>).
Governing Law & Jurisdiction	The Transaction Documents shall be governed by and will be construed in accordance with the laws of India and any disputes arising there from shall be subject to the jurisdiction of appropriate courts and tribunals at Chennai, India, and as more particularly provided for in the respective Transaction Documents.
Business Day Convention	(a) If any Due Date on which any interest or additional interest is payable falls on a day which is a Sunday or is not a Business Day, the payment to be made on such Due Date shall be made on the succeeding Business Day. (b) If any Due Date on which any Outstanding Principal Amounts are payable falls on a day which is a Sunday or is not a Business Day, the payment to be made on such Due Date shall be made on the preceding Business Day. (c) If the Final Redemption Date falls on a day which is a Sunday or is not a Business Day, the payment of any amounts in respect of the Outstanding Principal Amounts to be made shall be made on the preceding Business Day. (d) In the absence of anything to the contrary, if any day for performance of any acts under the Transaction Documents (other than those set out

	in paragraph (a) to paragraph (c) above) falls on a day which is not a Business Day, such acts shall be performed shall be made on the succeeding Business Day.
Additional Disclosures (MLD Issuance Requirements)	(a) Confirmations from the Issuer: The Issuer confirms as follows: (i) The Debentures issued are principal protected and promise the return of the principal amount of the Debentures in full on the Final Redemption Date; and (ii) the Issuer has a net worth of more than INR 100,00,00,000 (Indian Rupees One Hundred Crore). (b) Credit rating: The Debentures have been rated "CRISIL PP-MLD AA-r/Stable" in accordance with the MLD Issuance Requirements. (c) Scenario analysis/valuation matrix: The detailed scenario analysis/valuation matrix showing value of the Debentures under different market conditions such as rising, stable and falling market conditions (along with a suitable graphic representation) has been set out under Annexure VI below. (d) Risk Factor (Model Risk): The Debentures are subject to model risk, i.e., the Debentures are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behavior of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models. Please also refer the Section 4.12 (<i>Model Risk</i>) above. (e) Risk Factor (Other): The principal amount is subject to the credit risk of the issuer whereby the investor(s) may or may not recover all or part of the funds in case of default by the Issuer. Please also refer Section 4.1 (<i>Repayment is Subject to the Credit Risk of the Issuer</i>) above. (f) Interest on annualised basis: Please refer the definitions of "Annualised Interest Rate" and "Interest Amounts". Please also refer Annexure VI. (g) Valuation: The latest and historical valuation for the Debentures shall be made available on the websites of the Issuer (www.belstar.in) and of the Valuation Agent appointed for the Debentures (www.icraanalytics.com/) (h) Commissions: Details of the commissions (by whatever name called), paid by the Issuer to persons acting as the distributor for selling/distribution/ placement of the Debentures are as follows: Not applicable. (i) Premature Redemption: N.A.
Valuation Agent	ICRA Analytics Limited has been appointed as the valuation agent by the Issuer in respect of the Debentures. The Issuer shall pay fees to the valuation agent of up to INR 6,00,000.

	The fees of the valuation agent shall be paid by the Issuer and the Issuer shall not charge any of the investors/Debenture Holders for such services.
Additional Disclosures (Security Creation)	(i) If the Transaction Security is not created and/or perfected within the time period prescribed under the Transaction Documents and in accordance with the terms of the Transaction Documents, the Issuer will pay additional interest at the rate of 2% (two percent) per annum above the Interest Rate on the Outstanding Principal Amounts until the creation and perfection of the Transaction Security to the satisfaction of the Debenture Trustee. Such amounts shall be determined separately with reference to the abovementioned incremental rate and paid in addition to the Interest Amounts together with the Redemption Payment on the relevant Due Date. PROVIDED THAT no additional interest will be payable pursuant to this paragraph (i) if any additional interest is being paid by the Issuer pursuant to paragraph (ii) below. (ii) in the event of any delay in the execution of any Transaction Document (including the DTD or the Deed of Hypothecation) or the creation of security in terms thereof, the Issuer will, at the option of the Debenture Holders, either: (A) if so required by the Debenture Holders, refund the Application Money together with interest (including interest accrued) at the Annualised Interest Rate/discharge the Secured Obligations; and/or (B) pay to the Debenture Holders additional interest at the rate of 2% (two percent) per annum on the Outstanding Principal Amounts in addition to the Annualised Interest Rate until the relevant Transaction Document is duly executed or the security is duly created in terms thereof or the Secured Obligations are discharged (whichever is earlier).
Additional Disclosures (Default in Payment)	On the occurrence of a Payment Default, the Issuer agrees to pay additional interest at 2% (two percent) per annum over the Annualised Interest Rate in respect of the Debentures on the Outstanding Principal Amounts from the date of the occurrence of a Payment Default until such Payment Default is cured or the Secured Obligations are repaid. Such amounts shall be determined separately with reference to the abovementioned incremental rate and paid in addition to the Interest Amounts together with the Redemption Payment on the relevant Due Date.
Additional Disclosures (Delay in Listing)	In the event there is any delay in listing of the Debentures beyond the Listing Period, the Issuer will: (i) pay to the Debenture Holders, penal interest of 1% (one percent) per annum over the Annualised Interest Rate, from the Deemed Date of Allotment until the listing of the Debentures is completed; and (ii) be permitted to utilise the issue proceeds of its 2 (two) subsequent privately placed issuances of securities only after receiving final listing approval from the stock exchange(s).

Note:

a. If there is any change in Coupon Rate rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change should be disclosed.

b. The list of documents which has been executed in connection with the issue and subscription of debt securities shall be annexed.

c. While the debt securities are secured to the tune of 100% of the principal and interest amount or as per the terms of Placement Memorandum, in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained.

d. The issuer shall provide granular disclosures in their placement memorandum, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue".

8.2 TERMS OF THE TRANSACTION DOCUMENTS

8.2.1. Representations and Warranties of the Issuer

The Issuer makes the representations and warranties set out in this Section 8.2.1 to the Debenture Trustee for the benefit of the Debenture Holders as on the Effective Date, which representations shall be deemed to be repeated on each day until the Final Settlement Date.

(a) **Status**

- (i) It is a company, duly incorporated, registered and validly existing under Applicable Law.
- (ii) It is a non-banking financial company - micro finance institution registered with the RBI.
- (iii) It has the power to own its Assets and carry on its business as it is being conducted.

(b) **Binding obligations**

The obligations expressed to be assumed by it under the Transaction Documents are legal, valid, binding and enforceable obligations.

(c) **Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by the Transaction Documents do not and will not conflict with:

- (i) any Applicable Law, including but not limited to laws and regulations regarding anti-money laundering or terrorism financing and similar financial sanctions;
- (ii) its Constitutional Documents; or
- (iii) any agreement or instrument binding upon it or any of its Assets, including but not limited to any terms and conditions of the existing Financial Indebtedness of the Issuer.

(d) **Power and authority**

It has the power to enter into, perform and deliver, and has taken all necessary action to authorize its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by such Transaction Documents.

(e) **Validity and admissibility in evidence**

All approvals, authorizations, consents, permits (third party, statutory or otherwise) required or desirable:

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- (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations under the Transaction Documents to which it is a party;
- (ii) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and
- (iii) for it to carry on its business, and which are material,

have been obtained or effected and are in full force and effect.

(f) **No default**

- (i) No Event of Default or potential Event of Default has occurred and is continuing or would reasonably be expected to result from the execution or performance of any Transaction Documents or the issuance of the Debentures.
- (ii) No other event or circumstance is outstanding which constitutes (or which would, with the lapse of time, the giving of notice, the making of any determination under the relevant document or any combination of the foregoing, constitute) a default or termination event (however described) under any other agreement or instrument which is binding on the Issuer or any of its Assets or which might have a Material Adverse Effect.

(g) **Ranking**

The payment obligations of the Issuer under the Transaction Documents rank at least *pari passu* with the claims of all of its other senior secured creditors, except for obligations mandatorily preferred by Applicable Law applying to companies generally.

(h) **No proceedings pending**

No litigation, arbitration, investigation, or administrative proceedings of or before any court, arbitral body or agency have been commenced or threatened against the Issuer, which if determined adversely, may have a Material Adverse Effect.

(i) **No misleading information**

All information provided by the Issuer to the Debenture Trustee/Debenture Holders is true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated and is not misleading due to omission of material fact or otherwise.

(j) **Compliance**

- (i) The Issuer has complied with Applicable Law (including but not limited to environmental, social and taxation related laws for the Issuer to carry on its business, all directions issued by the RBI to non-banking financial company - micro finance institutions).
- (ii) There has not been and there is no investigation or enquiry by, or order, decree, decision or judgment of any Governmental Authority issued or outstanding or to the best of the Issuer's knowledge (after making due and careful enquiry), anticipated against the Issuer which would have a Material Adverse Effect.
- (iii) No notice or other communication (official or otherwise) from any Governmental Authority has been issued or is outstanding or to the best of the Issuer's knowledge (after making due and careful enquiry), anticipated with respect to an alleged, actual or potential violation and/or failure to comply with any such Applicable Law

or requiring them to take or omit any action.

- (iv) The Issuer shall complete all necessary formalities including all filings with the relevant regulatory authorities, including but not limited to the SEBI, the BSE, and the ROC and obtain all consents and approvals required for the completion of the Issue.

(k) **Assets**

Except for the security interests and encumbrances created and recorded with the ROC (available on the website <http://www.mca.gov.in/mcafoportal/showIndexOfCharges.do> under the heading "Index of Charges"), the Issuer has, free from any security interest or encumbrance, the absolute legal and beneficial title to, or valid leases or licenses of, or is otherwise entitled to use (in each case, where relevant, on arm's length terms), all material Assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

(l) **Financial statements**

- (i) Its audited financial statements most recently supplied to the Debenture Trustee as of March 31, 2022 were prepared in accordance with Applicable Accounting Standards consistently applied save to the extent expressly disclosed in such financial statements.
- (ii) Its audited financial statements as of March 31, 2022 provided to the Debenture Trustee, give a true and fair view and represent its financial condition and operations during the Financial Year save to the extent expressly disclosed in such financial statements.

(m) **Solvency**

- (i) The Issuer is able to, and has not admitted its inability to, pay its debts as they mature and has not suspended making payment on any of its debts and it has not been deemed by a court to be unable to pay its debts for the purposes of Applicable Law, nor will it become unable to pay its debts for the purposes of Applicable Law as a consequence of entering into the DTD or any other Transaction Document.
- (ii) The Issuer, by reason of actual or anticipated financial difficulties, has not commenced, and does not intend to commence, negotiations with one or more of its creditors with a view to rescheduling its Financial Indebtedness.
- (iii) The value of the Assets of the Issuer is more than its liabilities (taking into account contingent and prospective liabilities) and it has sufficient capital to carry on its business.
- (iv) The Issuer has not taken any corporate action nor has it taken any legal proceedings or other procedure or steps in relation to any bankruptcy proceedings.
- (v) No insolvency or bankruptcy process has commenced under Applicable Law in respect of the Issuer (including pursuant to the (Indian) Insolvency and Bankruptcy Code, 2016, the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, and any other rules and regulations made thereunder from time to time).
- (vi) No reference has been made, or enquiry or proceedings commenced, in respect of the Issuer, before the National Companies Law Tribunal or under any mechanism

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or prescription of the RBI in respect of resolution/restructuring of stressed assets (including without limitation, under the Stressed Assets Framework).

(n) ***Hypothecated Assets***

- (i) The Hypothecated Assets are the sole and absolute property of the Issuer and are free from any other mortgage, charge or encumbrance and are not subject to any *lis pendens*, attachment, or other order or process issued by any Governmental Authority.
- (ii) None of the Client Loans comprising the Hypothecated Assets have been previously hypothecated, sold, transferred or assigned to any other bank or financial institution.
- (iii) The Transaction Documents executed or to be executed constitute legal, valid and enforceable security interest in favour of the Debenture Trustee and for the benefit of the Debenture Holders on all the assets thereby secured and all necessary and appropriate consents for the creation, effectiveness, priority and enforcement of such security have been obtained.

(o) ***Market Linked Debentures***

- (i) The Debentures issued are principal protected and promise the return of the principal amount of the Debentures in full on the Final Redemption Date.
- (ii) The Issuer has a net worth of more than INR 100,00,00,000 (Indian Rupees One Hundred Crore).
- (iii) Each of the issuance of the Debentures and the Issuer comply with all requirements prescribed by the MLD Issuance Requirements.

(p) ***Material Adverse Effect***

- (i) No fact or circumstance, condition, proceeding or occurrence exists that has a Material Adverse Effect.
- (ii) No Material Adverse Effect has occurred or would reasonably be expected to result from the execution or performance of any Transaction Documents or the issuance of the Debentures

(q) ***Illegality***

It is not unlawful or illegal for the Issuer to perform any of its obligations under the Transaction Documents.

(r) ***No filings or stamp taxes***

There are no stamp duties, registration, filings, recordings or notarizations before or with any Governmental Authority required to be carried out in India in relation to the execution and delivery of the Transaction Documents by the Issuer other than the:

- (i) stamping of the Transaction Documents (on or prior to execution in Chennai, India) in accordance with the Indian Stamp Act, 1899 (as applicable to Tamil Nadu, India);
- (ii) payment of the stamp duty in respect of the Debentures;
- (iii) filing of the return of allotment of securities under Form PAS-3 in accordance with

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the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the ROC;

- (iv) filing of the Debt Disclosure Documents with the ROC and SEBI;
- (v) filing of Form CHG 9 with the ROC within 30 (thirty) days from the date of creation of security interest; and
- (vi) filing of Form I with CERSAI in respect of each instance of creation of security interest.

(s) ***Confirmations pursuant to the Debt Listing Regulations***

With effect from the date of filing of the draft Placement Memorandum with the BSE, as on the date of filing of the draft Placement Memorandum with the BSE in accordance with the Debt Listing Regulations:

- (i) the Issuer, the Promoters of the Issuer, the Promoter Group of the Issuer or the directors of the Issuer have not been debarred from accessing the securities market or dealing in securities by SEBI;
- (ii) no Promoter of the Issuer or director of the Issuer is a promoter or director of any another company which is debarred from accessing the securities market or dealing in securities by SEBI;
- (iii) no Promoter of the Issuer or director of the Issuer is a fugitive economic offender; and
- (iv) no fines or penalties levied by SEBI or any of the stock exchanges is pending to be paid by the Issuer.

(t) ***SCORES Authentication***

The Issuer has received the Securities and Exchange Board of India Complaints Redress System (SCORES) authentication prior to the Deemed Date of Allotment.

8.2.2. Financial Covenants

- (a) Until the Final Settlement Date, the Issuer shall:
 - (i) maintain the Capital Adequacy Ratio at such thresholds as may be prescribed by the RBI from time to time; and
 - (ii) comply with such financial covenants as may be agreed between the Issuer and the Debenture Holders from time to time.
- (b) The financial covenants set out in Section 8.2.2(a) shall be tested, commencing from December 31, 2022 until the Final Settlement Date, on a quarterly basis on each Quarterly Date, on the basis of standalone financial statements of the Issuer.
- (c) Without prejudice to Section 8.2.3(b)(v) below, the Issuer shall, within 60 (sixty) days from each Quarterly Date, provide to the Debenture Trustee, a certificate signed by an authorised officer of the Issuer acceptable to the Debenture Trustee stating that the Issuer is in compliance with the financial covenants prescribed in Section 8.2.2(a) above.

8.2.3. Reporting Covenants

The Issuer shall provide or cause to be provided to the Debenture Trustee and to the Debenture Holders (including on any online reporting platform notified by the Debenture Trustee or any

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Debenture Holder), in form and substance reasonably satisfactory to the Debenture Trustee, each of the following items:

- (a) as soon as available, and in any event within 120 (one hundred and twenty) calendar days after the end of each Financial Year:
 - (i) certified copies of its audited consolidated and non-consolidated (if any) financial statements for its most recently completed Financial Year, prepared in accordance with Applicable Accounting Standards including its balance sheet, income statement and statement of cash flow.

All such information shall be complete and correct in all material respects and shall fairly represent the financial condition, results of operation and changes in cash flow and a list comprising all material financial liabilities of the Issuer whether absolute or contingent as of the date thereof;
 - (ii) a certificate from a director or the chief financial officer of the Issuer confirming that there is no existing potential Event of Default or Event of Default; and
 - (iii) a corporate social responsibility report in respect of the Issuer, in such form and manner as may be acceptable to the Debenture Trustee (acting on the instructions of the Debenture Holders);
- (b) within 45 (forty five) calendar days after each Quarterly Date:
 - (i) certified copies of its un-audited consolidated and non-consolidated (if any) quarterly financial statements for the preceding fiscal quarter, prepared in accordance with Applicable Accounting Standards including its balance sheet, income statement and statement of cash flow;
 - (ii) the list/composition of the board of directors of the Issuer;
 - (iii) the Issuer's shareholding pattern/structure;
 - (iv) copies of the quarterly returns filed with the RBI and SEBI; and
 - (v) a certificate signed by an authorised officer of the Issuer acceptable to the Debenture Trustee stating that the Issuer is in compliance with all the financial covenants prescribed in Section 8.2.2(a);
- (c) as soon as practicable, and in any event within 15 (fifteen) Business Days after the Issuer obtains or reasonably should have obtained actual knowledge thereof, notice of the occurrence of any event or circumstance that could reasonably be expected to result in a Material Adverse Effect;
- (d) as soon as practicable, and in any event within 15 (fifteen) Business Days after the Issuer obtains actual knowledge thereof, any notices, orders or directions any court or tribunal in relation to any dispute, litigation, investigation or other proceeding affecting the Issuer or its property or operations (including the Hypothecated Assets), which, if adversely determined, could result in a Material Adverse Effect;
- (e) as soon as practicable, and in any event within 15 (fifteen) Business Days after the Issuer obtains actual knowledge thereof, notice of the occurrence of any Event of Default or potential Event of Default including any steps taken to cure such event;
- (f) as soon as practicable, and in any event within 15 (fifteen) Business Days, any prepayment, or the receipt of notice of any Financial Indebtedness of the Issuer declared to be due and

payable or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof;

- (g) as soon as practicable, and in any event within 15 (fifteen) Business Days after such default, notice of any default in the observance or performance of any agreement or condition relating to any Financial Indebtedness by the Issuer or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (determined without regard to whether any notice is required) any such Financial Indebtedness to become due prior to its stated maturity in respect of the Issuer;
- (h) as soon as practicable, and in any event within 15 (fifteen) Business Days of receiving (i) any notice of any application for winding up or insolvency process or any statutory notice of winding up or insolvency process under the provisions of the Companies Act or any other Applicable Law (including the (Indian) Insolvency and Bankruptcy Code, 2016, the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, and any other rules and regulations made thereunder from time to time), or (ii) any other notice under any other statute relating to the commencement/initiation of winding up or insolvency process or otherwise of any suit or other legal process relating to the commencement/initiation of winding up or insolvency process against the Issuer;
- (i) as soon as practicable and in any event within 15 (fifteen) Business Days of the occurrence of the following events, the details of:
 - (A) any change in the board of directors of the Issuer;
 - (B) any change in the Issuer's shareholding pattern/structure;
 - (C) any change in senior management officials of the Issuer (being the chief executive officer or any other official discharging similar functions and responsibilities);
 - (D) any change in the statutory auditors of the Issuer; and
 - (E) any change in the Constitutional Documents of the Issuer;
- (j) without prejudice to paragraph (k) below, as soon as practicable and in any event within 30 (thirty) calendar days of receipt of a request, such additional documents or information as the Debenture Trustee or the Debenture Holders, may reasonably request from time to time; and
- (k) as soon as practicable and in any event within the timelines prescribed by the Debenture Trustee (and Applicable Law), such other information, notifications, details, documents, reports, statements and certificates (including from chartered accountants, auditors and/or directors of the Issuer) as may be required by the Debenture Trustee from time to time, to ensure compliance with the provisions of the Applicable Law, including but not limited to the Debenture Trustees Regulations and the Companies (Share Capital and Debentures) Rules, 2014.

8.2.4. Affirmative Covenants

The Issuer shall:

(a) ***Use of Proceeds***

use the proceeds of the Issue only for the Purpose and in accordance with Applicable Law

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and the Transaction Documents;

(b) ***Notice of Winding up proceedings***

promptly, and in any case not later than the time period prescribed under Section 8.2.3(h) above, inform the Debenture Trustee if it has received:

- (i) any notice of any application for winding up or insolvency process or any statutory notice of winding up or insolvency process under the provisions of the Companies Act or any other Applicable Law (including the (Indian) Insolvency and Bankruptcy Code, 2016, the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, and any other rules and regulations made thereunder from time to time); or
- (ii) any other notice under any other statute relating to the commencement/initiation of winding up or insolvency process or otherwise of any suit or other legal process relating to the commencement/initiation of winding up or insolvency process against the Issuer;

(c) ***Loss or Damage by Uncovered Risks***

promptly inform the Debenture Trustee and the Debenture Holders of any material loss or significant damage which the Issuer may suffer due to any force majeure circumstances or act of God, such as earthquake, flood, tempest or typhoon, etc. against which the Issuer may not have insured its properties;

(d) ***Costs and Expenses***

pay all reasonable costs, charges and expenses in any way incurred by the Debenture Trustee towards protection of the Debenture Holders' interests, including traveling and other allowances and such taxes, duties, costs, charges and expenses in connection with or relating to the Debentures subject to such expenses, costs or charges being approved in writing by the Issuer before they are incurred and shall not include any foreign travel costs;

(e) ***Payment of Rents, etc.***

punctually pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Issuer as and when such amounts are payable;

(f) ***Preserve Corporate Status***

- (i) diligently preserve and maintain its corporate existence and status and all rights, privileges, and concessions now held or hereafter acquired by it in the conduct of its business;
- (ii) comply with all acts, authorizations, consents, permissions, rules, regulations, orders and directions of any Governmental Authority; and
- (iii) not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the Outstanding Amounts might or would be hindered or delayed;

(g) ***Pay Stamp Duty***

pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges

and penalties, if and when the Issuer may be required to pay according to the applicable state laws. In the event the Issuer fails to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Debenture Trustee shall be at liberty (but shall not be bound) to pay such amounts and the Issuer shall reimburse the aforementioned amounts to the Debenture Trustee on demand;

(h) ***Furnish Information to Debenture Trustee***

- (i) provide to the Debenture Trustee or its nominee(s)/agent(s) such information/copies of relevant extracts as they may require on any matters relating to the business of the Issuer or to investigate the affairs of the Issuer;
- (ii) allow the Debenture Trustee to make such examination and investigation as and when deemed necessary and shall furnish the Debenture Trustee with all such information as they may require and shall pay all reasonable costs, charges and expenses incidental to such examination and investigation;
- (iii) provide to the Debenture Trustee or its nominee(s)/agent(s) such information/copies of relevant extracts as they may require for the purpose of filing any relevant forms with any Governmental Authority (including but not limited to the CERSAI) in relation to the Debentures and the Hypothecated Assets;
- (iv) furnish quarterly reports to the Debenture Trustee (as may be required in accordance with Applicable Law) containing the following particulars:
 - (A) updated list of the names and addresses of the Debenture Holders;
 - (B) details of the interest due, but unpaid and reasons thereof;
 - (C) the number and nature of grievances received from the Debenture Holders and resolved and unresolved by the Issuer along with the reasons for the same; and
 - (D) a statement that the Hypothecated Assets are sufficient to discharge the claims of the Debenture Holders as and when they become due; and
- (v) inform and provide the Debenture Trustee with applicable documents in respect of the following:
 - (A) notice of any Event of Default or potential Event of Default; and
 - (B) any and all information required to be provided to the Debenture Holders under Applicable Law and the listing agreement to be entered into between the Issuer and the BSE;

(i) ***Redressal of Grievances***

promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holders. The Issuer further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Debenture Trustee and shall advise the Debenture Trustee periodically of the compliance;

(j) ***Comply with Investor Education and Protection Fund Requirements***

comply with the provisions of the Companies Act relating to transfer of unclaimed/ unpaid amounts of interest on Debentures and redemption of Debentures to Investor Education and Protection Fund ("IEPF"), if applicable to it. The Issuer hereby further agrees and

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undertakes that until the Final Settlement Date it shall abide by the regulations, rules or guidelines/listing requirements if any, issued from time to time by the Ministry of Corporate Affairs, RBI, SEBI or any other competent Governmental Authority;

(k) **Corporate Governance; Fair Practices Code**

comply with any corporate governance requirements applicable to the Issuer (as may be prescribed by the RBI, SEBI, any stock exchange, or any Governmental Authority) and the fair practices code prescribed by the RBI;

(l) **Further Assurances**

- (i) provide details of any litigation, arbitration or administrative proceedings that if determined adversely could have a Material Adverse Effect on the Issuer;
- (ii) comply with any monitoring and/or servicing requests from Debenture Holders;
- (iii) execute and/or do, at its own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Debenture Trustee may reasonably or by Applicable Law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Debenture Trustee;
- (iv) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it to lawfully enter into and perform its obligations under the DTD and any other Transaction Documents to ensure the legality, validity, enforceability or admissibility in evidence in India of the DTD and any other Transaction Documents;
- (v) comply with:
 - (A) all Applicable Law (including but not limited to the Companies Act, the MLD Issuance Requirements, the environmental, social and taxation related laws, all directions issued by the RBI to non-banking financial company - micro finance institutions), as applicable in respect of the Debentures and obtain such regulatory approvals as may be required from time to time;
 - (B) the Debenture Trustees Regulations as in force from time to time, in so far as they are applicable to the Debentures and furnish to the Debenture Trustee such data, information, statements and reports as may be deemed necessary by the Debenture Trustee in order to enable them to comply with the provisions of Regulation 15 of the Debenture Trustees Regulations thereof in performance of their duties in accordance therewith to the extent applicable to the Debentures;
 - (C) the provisions of the Companies Act in relation to the Issue; and
 - (D) if so required, the requirements prescribed under Chapter XI (*Operational framework for transactions in defaulted debt securities post maturity date/ redemption date*) of the Listed NCDs Operational Circular, and provide all details/intimations to the Debenture Trustee, the Depositories, and BSE (as the case may be) in accordance with the aforementioned requirements;
- (vi) to the extent applicable, submit a certificate from the statutory auditor on a half-yearly basis, regarding the maintenance of security cover in accordance with the

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terms of the Debt Disclosure Documents and the other Transaction Documents including compliance with the covenants of the Debt Disclosure Documents and the other Transaction Documents, in accordance with the applicable regulations/circulars issued by the SEBI, and in such manner as may be prescribed by SEBI from time to time; and

- (vii) procure that the Debentures are rated and continue to be rated until the Final Settlement Date;
- (viii) it will provide all necessary assistance and cooperation to, and permit the Debenture Trustee to conduct periodical checks, verifications, due diligence and other inspections (at such frequency and within such timelines as may be determined by the Debenture Trustee) in respect of the books and accounts of the Issuer and the Hypothecated Assets;

(m) **Security**

the Issuer hereby further agrees, declares and covenants with the Debenture Trustee as follows:

- (i) the Debentures shall be secured by a first ranking exclusive and continuing security by way of a first ranking exclusive and continuing charge on the Hypothecated Assets in favour of the Debenture Trustee for the benefit of the Debenture Holders on or prior to the Deemed Date of Allotment;
- (ii) all the Hypothecated Assets that will be charged to the Debenture Trustee under the Deed of Hypothecation shall always be kept distinguishable and held as the exclusive property of the Issuer specifically appropriated to the Transaction Security and be dealt with only under the directions of the Debenture Trustee;
- (iii) the Issuer shall not create any charge, lien or other encumbrance upon or over the Hypothecated Assets or any part thereof except in favour of the Debenture Trustee nor will it do or allow anything that may prejudice the Transaction Security;
- (iv) the Debenture Trustee shall be at liberty to incur all costs and expenses as may be necessary to preserve the Transaction Security and to maintain the Transaction Security undiminished and claim reimbursement thereof;
- (v) to create the security over the Hypothecated Assets as contemplated in the Transaction Documents on or prior to the Deemed Date of Allotment by executing the duly stamped Deed of Hypothecation;
- (vi) to register and perfect the security interest created thereunder by filing Form CHG-9 with the concerned ROC and ensuring and procuring that the Debenture Trustee files the prescribed Form I with CERSAI reporting the charge created to the CERSAI in relation thereto in accordance with the timelines set out in the Deed of Hypothecation;
- (vii) the Issuer shall, at the time periods set out in the Deed of Hypothecation, provide a list of the Hypothecated Assets to the Debenture Trustee over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Security Cover;
- (viii) to keep the Application Money in a separate bank account in the event the DTD and the other Transaction Documents are not executed on or before the Deemed Date of Allotment;

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- (ix) the Issuer shall, within the timelines prescribed under the Deed of Hypothecation, add fresh receivables/Client Loans to the Hypothecated Assets so as to ensure that the Security Cover is maintained or replace such Hypothecated Assets that do not satisfy the eligibility criteria prescribed in the Transaction Documents;
- (x) the Issuer shall, within such time period as may be prescribed under the Deed of Hypothecation and as and when required by the Debenture Trustee, give full particulars to the Debenture Trustee of all the Hypothecated Assets from time to time;
- (xi) furnish and verify all statements, reports, returns, certificates and information from time to time and as required by the Debenture Trustee in respect of the Hypothecated Assets;
- (xii) furnish and execute all necessary documents to give effect to the Hypothecated Assets;
- (xiii) the security interest created on the Hypothecated Assets shall be a continuing security;
- (xiv) the Hypothecated Assets shall fulfil the eligibility criteria set out in the Deed of Hypothecation;
- (xv) nothing contained herein shall prejudice the rights or remedies of the Debenture Trustee and/or the Debenture Holders in respect of any present or future security, guarantee obligation or decree for any indebtedness or liability of the Issuer to the Debenture Trustee and/ or the Debenture Holders;
- (xvi) the Debenture Holders shall have a beneficial interest in the Hypothecated Assets of the Issuer which have been charged to the Debenture Trustee to the extent of the Outstanding Amounts of the Debentures under the DTD; and
- (xvii) to forthwith upon demand by the Debenture Trustee, reimburse to the Debenture Trustee all amounts paid by the Debenture Trustee to reasonably protect the Hypothecated Assets and such amounts shall be deemed to be secured by the Hypothecated Assets;

(n) ***Execution of Transaction Documents/Creation of Security***

in the event of any delay in the execution of any Transaction Document (including the DTD or the Deed of Hypothecation) or the creation of security in terms thereof, the Issuer will, at the option of the Debenture Holders, either:

- (i) if so required by the Debenture Holders, refund the Application Money together with interest (including interest accrued) at the Annualised Interest Rate/dischARGE the Secured Obligations; and/or
- (ii) pay to the Debenture Holders additional interest at the rate of 2% (two percent) per annum on the Outstanding Principal Amounts in addition to the Annualised Interest Rate until the relevant Transaction Document is duly executed or the security is duly created in terms thereof or the Secured Obligations are discharged (whichever is earlier);

(o) ***Internal Control***

maintain internal control for the purpose of:

- (i) preventing fraud on amounts lent by the Issuer; and
 - (ii) preventing money being used for money laundering or illegal purposes;
- (p) **Audit and Inspection**
 permit visits and inspection of books of records, documents and accounts to the Debenture Trustee and representatives of Debenture Holders as and when required by them;
- (q) **Books and Records**
 maintain its accounts and records in accordance with Applicable Law;
- (r) **Access; Periodic Portfolio Monitoring**
 provide the Debenture Trustee and the Debenture Holders and any of their representatives, professional advisers and contractors with access to and/or permit them to, at the cost of the Issuer:
 - (i) examine and inspect the books and records, office premises, and the premises of the Issuer;
 - (ii) any data and information (including the portfolio data) in the format prescribed by the Debenture Holders from time to time for periodical portfolio monitoring by the Debenture Holders; and
 - (iii) conduct any meetings with the management team of the Issuer, or discuss the affairs, finances and accounts of the Issuer, and be advised as to the same, by the relevant officers of the Issuer;
- (s) **Valuation**
 - (i) the Issuer has appointed ICRA Analytics Limited, a third party valuation agency (being a valuation agency appointed by Association of Mutual Funds in India) ("**Valuation Agent**") as the third party valuation agency in accordance with the MLD Issuance Requirements;
 - (ii) the Issuer shall provide to the Debenture Trustee and the Debenture Holders, as and when requested by them, the valuation report of the Valuation Agent prepared in accordance with the MLD Issuance Requirements;
 - (iii) the Issuer shall solely bear all costs incurred for valuation; and
 - (iv) the Issuer shall make available the latest and the historical valuation reports of the Valuation Agent on its website. Without prejudice to the above, the valuation reports will also be available on the website of the Valuation Agent (at <https://icraanalytics.com/home/MldValuation>) in accordance with the timelines prescribed in the MLD Issuance Requirements;
- (t) **Company Rating**
 ensure and procure that the credit rating of the Issuer is maintained as "AA-" (or its equivalent rating);
- (u) **Shareholding**
 ensure and procure that, until the Final Settlement Date, Muthoot Finance Limited

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continues to own at least 51% (fifty one percent) of the equity shareholding of the Issuer (on a fully diluted basis);

(v) **Information Utilities**

to the extent required under Applicable Law, make requisite filings in relation to the issuance of Debentures and creation of security interest in respect thereof with any information utility(ies) in accordance with the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017; and

(w) **Listing and Monitoring Requirements**

comply with all covenants, undertakings and requirements set out in Section 8.2.7 (*Listing and Monitoring Requirements*).

8.2.5. **Negative Covenants**

The Issuer shall not take any action in relation to the items set out in this Section 8.2.5 (*Negative Covenants*) without the prior written consent of the Debenture Trustee (acting on the instructions of Majority Debenture Holders). In relation to the consent requirement under this Section 8.2.5 (*Negative Covenants*), it is agreed as follows:

(A) any request for consent under in relation to any matter under this Section 8.2.5 (*Negative Covenants*) shall be sent simultaneously by the Issuer to both the Debenture Trustee and the Debenture Holders. Any request under this Section 8.2.5 (*Negative Covenants*) must be accompanied by all relevant information substantiating the request to enable the Debenture Holders to make a reasoned decision; and

(B) within:

(1) for Section 8.2.5(a) to Section 8.2.5(f) and Section 8.2.5(h), 7 (seven) calendar days after receiving any request mentioned in paragraph (A) above (or such additional time period as may be mutually agreed between the Issuer and the Majority Debenture Holders); and

(2) for Section 8.2.5(g), 4 (four) calendar days after receiving any request mentioned in paragraph (A) above (or such additional time period as may be mutually agreed between the Issuer and the Majority Debenture Holders),

the Debenture Holders shall communicate their consent/dissent to the Debenture Trustee and the Issuer.

PROVIDED THAT in respect of any of the matters set out in this Section 8.2.5 (*Negative Covenants*), where no consent/dissent is provided by the Majority Debenture Holders within the time period set out in paragraph (B) above, the Issuer may proceed with the action for which consent is required in respect of any of the matters set out in this Section 8.2.5 (*Negative Covenants*) provided such action does not result in an Event of Default.

(a) **Change of Business/Constitutional Documents**

- (i) change the general nature of its business from that which is permitted as a non-banking financial company - micro finance institution registered with the RBI; or
- (ii) make any amendments/changes to its Constitutional Documents where such changes will lead to or are likely to lead to a Material Adverse Effect;

(b) **Dividend**

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if the Issuer defaults in payment of interest or redemption amounts in respect of the Debentures or in creation of security interest in accordance with the Transaction Documents and such default is subsisting, declare or pay any dividend to its shareholders (including holders of preference shares);

(c) ***Merger, Consolidation, etc.***

enter into any merger, de-merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction;

(d) ***Change of Control***

(i) permit the occurrence of any change in Control of the Issuer, from that existing as of the Effective Date; or

(ii) without prejudice to (i) above, issue any additional shares or equity interests or permit any of its existing shares or equity interests to be transferred, sold, pledged or otherwise encumbered which would lead to a change in Control, from that existing as of the Effective Date;

(e) ***Disposal of Assets***

sell, transfer, or otherwise dispose of in any manner whatsoever any material Assets of the Issuer (whether in a single transaction or in a series of transactions (whether related or not) or any other transactions which cumulatively have the same effect) that has the effect of exiting the current business of the Issuer or re-structuring of the existing business. PROVIDED THAT the foregoing shall not apply to any securitization/portfolio sale of assets undertaken by the Issuer in its ordinary course of business;

(f) ***Change in Capital Structure***

(i) permit or undertake any change in capital structure that would lead to a reduction in the paid-up capital or authorized capital of the Issuer;

(ii) purchase, buyback, or retire any of its issued shares or reduce its share capital or resolve to do any of the foregoing;

(g) ***Related Party Transactions***

enter into any transactions with any related party (as defined in the Act) of the Issuer which are not on an arm's length basis. PROVIDED THAT any such transactions must not be prejudicial to the interests of the Debenture Holders; or

(h) ***Change in Financial Year***

change its Financial Year end from March 31 of each year to any other date, unless such change is required pursuant to Applicable Law.

8.2.6. Events Of Default

8.2.6.1. Consequences and Remedies of an Event of Default

If one or more Events of Default occur(s), the Debenture Trustee may, on the instructions of the Majority Debenture Holders in accordance with the DTD, by a notice in writing to the Issuer initiate the following course of action:

- (a) require the Issuer to mandatorily redeem the Debentures and repay the principal amount on the Debentures, along with accrued but unpaid interest and other costs, charges and expenses incurred under or in connection with the DTD and the other Transaction Documents;
- (b) accelerate the redemption of the Debentures and declare all or any of the Debentures to be due and payable immediately (or such date as may be prescribed by the Debenture Trustee), whereupon it shall become so due and payable;
- (c) enforce the security interest created under the Transaction Documents (including in respect of the Transaction Security) in accordance with the terms of the Transaction Documents;
- (d) take any actions in respect of the SEBI Defaults (Procedure) Circular in accordance with the provisions of the DTD;
- (e) take all such other action as is expressly permitted under the DTD or in the other Transaction Documents or permitted under Applicable Law; and/or
- (f) exercise any other right that the Debenture Trustee and/or the Debenture Holders may have under Applicable Law for the purposes of protecting the interests of the Debenture Holders.

8.2.6.2. **Events of Default**

Each of the events or circumstances set out in this Section 8.2.6.2 (*Events of Default*) below is an Event of Default.

(a) **Payment Defaults**

The Issuer does not pay on any Due Date any amount payable pursuant to the DTD and the Debentures at the place and in the currency in which it is expressed to be payable, unless its failure to pay is caused by technical error and payment is made within 3 (three) days of such Due Date.

(b) **Insolvency/Inability to Pay Debts**

- (i) The Issuer is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness.
- (ii) Any resolution is passed resolving or to consider resolving that the Issuer be wound up voluntarily, or any application is voluntarily filed by the under the Insolvency and Bankruptcy Code, 2016.
- (iii) The Issuer is determined as insolvent under the Insolvency and Bankruptcy Code, 2016 read with any rules and regulations framed thereunder from time to time.

(c) **Business**

The Issuer without obtaining the prior consent of the Majority Debenture Holders ceases to carry on its business or gives notice of its intention to do so.

(d) **Misrepresentation**

Any representation or warranty made by the Issuer in any Transaction Document or in any certificate, financial statement or other document delivered to the Debenture

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Trustee/Debenture Holders by the Issuer shall prove to have been incorrect, false or misleading in any material respect when made or deemed made.

(e) ***Material Adverse Effect***

The occurrence of a Material Adverse Effect, in the sole determination of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders).

(f) ***Cross Default***

(i) The Issuer:

(A) defaults in any payment of any Financial Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Financial Indebtedness was created; and/or

(B) defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (determined without regard to whether any notice is required) any such Financial Indebtedness to become due prior to its stated maturity, and such Financial Indebtedness of the Issuer is declared to be due and payable.

(ii) Any Financial Indebtedness of the Issuer shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof.

(g) ***Liquidation, Insolvency or Dissolution of the Issuer / Appointment of Receiver, Resolution Professional or Liquidator***

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(i) the suspension of payments, a moratorium of any Financial Indebtedness, winding-up, dissolution, administration or re-organisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer;

(ii) a composition, compromise, assignment or arrangement with any creditor of the Issuer;

(iii) the appointment of a liquidator, receiver, resolution professional, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Issuer;

(iv) the Issuer, in respect of any reference or enquiry or proceedings commenced, before the National Companies Law Tribunal or under any mechanism or prescription of the RBI in respect of resolution/restructuring of stressed assets (including without limitation, under the Stressed Assets Framework);

(v) the commencement of an insolvency resolution process under the (Indian) Insolvency and Bankruptcy Code, 2016 read together with the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, and any other rules and regulations made thereunder from time to time, or under any other Applicable Law, in respect of the Issuer;

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- (vi) enforcement of any security over any Assets of the Issuer or any analogous procedure or step is taken in any jurisdiction; or
- (vii) any other event occurs or proceeding instituted under any Applicable Law that would have an effect analogous to any of the events listed in (i) to (vi) above.

(h) ***Creditors' Process and Expropriation***

Any expropriation, attachment, garnishee, sequestration, distress or execution affects any material Assets of the Issuer and is not discharged within 30 (thirty) calendar days or as otherwise provided in any order of any competent court or tribunal relating to the aforementioned actions.

(i) ***Judgment Defaults***

One or more judgments or decrees entered against the Issuer involving a liability (not paid or not covered by a reputable and solvent insurance company), individually or in the aggregate, exceeding 10% (ten percent) of the Total Assets of the Issuer provided such judgments or decrees are either final and non-appealable or have not been vacated, discharged or stayed pending appeal for any period of 30 (thirty) calendar days.

(j) ***Transaction Documents***

The DTD or any other Transaction Document (in whole or in part), is terminated or ceases to be effective or ceases to be in full force or no longer constitutes valid, binding and enforceable obligations of the Issuer.

(k) ***Unlawfulness***

It is or becomes unlawful for the Issuer to perform any of its obligations under the Transaction Documents and/or any obligation or obligations of the Issuer under any Transaction Document are not or cease to be valid, binding or enforceable.

(l) ***Repudiation***

The Issuer repudiates any of the Transaction Documents, or evidences an intention to repudiate any of the Transaction Documents.

(m) ***Security in Jeopardy***

In the opinion of the Debenture Trustee any of the Hypothecated Assets are in jeopardy.

(n) ***Security***

- (i) The Issuer fails to create and perfect security within the timelines prescribed in the Transaction Documents and/or in the manner prescribed in the Transaction Documents.
- (ii) The value of the Hypothecated Assets is insufficient to maintain the Security Cover or the Issuer fails to maintain the Security Cover (including by way of providing additional/alternate security to the satisfaction of the Debenture Trustee) within the timelines prescribed in the relevant Transaction Documents.
- (iii) Any of the Transaction Documents fails to provide the security interests, rights, title, remedies, powers or privileges intended to be created thereby (including the priority intended to be created thereby), or such security interests fail to have the priority contemplated under the Transaction Documents, or the security interests

become unlawful, invalid or unenforceable.

- (iv) The Issuer creates or attempts to create any mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having similar effect, over the Hypothecated Assets, without the prior consent of the Debenture Trustee.

(o) ***Breach of other Covenants***

Any breach of any covenant or undertaking of the Issuer in the Transaction Documents (other than (a) to (n) above) which, to the extent capable of remedy (as determined by the Debenture Trustee (acting on the instructions of the Debenture Holders)), not remedied within 30 (thirty) days of occurrence or such other time period as may be prescribed by the Debenture Trustee (acting on the instructions of the Debenture Holders) in its sole discretion.

8.2.6.3. ***Notice on the Occurrence of an Event of Default***

- (a) If any Event of Default or any event which, after the notice, or lapse of time, or both, would constitute an Event of Default, has occurred, the Issuer shall, forthwith give notice thereof to the Debenture Holders and the Debenture Trustee in writing specifying the nature of such event or Event of Default.
- (b) In addition to the foregoing, in accordance with the SEBI Defaults (Procedure) Circular, the Debenture Trustee shall send a notice to the Debenture Holders within 3 (three) days of the occurrence of an Event of Default, in accordance with the mode of delivery of notice mentioned therein, convening a meeting within 30 (thirty) days of the occurrence of an Event of Default. PROVIDED THAT if the Event of Default is cured or rectified within the intervening period between the date of the aforementioned notice from the Debenture Trustee to the date the aforementioned meeting is convened, no such meeting of the Debenture Holders shall be required. The Debenture Trustee shall maintain the details of the providing and receipt of such notice in accordance with the SEBI Defaults (Procedure) Circular.

8.2.6.4. ***Additional obligations of the Debenture Trustee***

In respect of the SEBI Defaults (Procedure) Circular, the entering into, and the performance of any obligations under any inter-creditor agreement (pursuant to the Stressed Assets Framework) or any resolution plan shall be subject to the terms of the SEBI Defaults (Procedure) Circular (including without limitation, the resolution plan being finalised within the time period prescribed in the SEBI Defaults (Procedure) Circular, and exiting of the inter-creditor agreement on the occurrence of the matters prescribed under the SEBI Defaults (Procedure) Circular).

8.2.7. ***Listing and Monitoring Requirements***

(a) ***Monitoring***

The Issuer will provide all such assistance to the Debenture Trustee as may be required by it, to carry out the necessary due diligence and monitor the security cover in the manner as may be specified by SEBI from time to time. In this regard, in accordance with the SEBI Monitoring Circulars, the Issuer undertakes and agrees to provide all relevant documents/information, as applicable, to enable the Debenture Trustee to submit the following reports/certifications to BSE in accordance with the SEBI Monitoring Circulars:

- (i) an security cover certificate on a quarterly basis, within (A) 75 (seventy five) days from each Quarterly Date (other than March 31 of the relevant calendar year), and (B) 90 (ninety) days from March 31 of the relevant calendar year or such other

timelines as may be prescribed under Applicable Law, in the format prescribed in the SEBI Monitoring Circulars;

- (ii) (to the extent applicable) a statement of the value of the pledged securities on a quarterly basis, within 60 (sixty) days from each Quarterly Date or such other timelines as may be prescribed under Applicable Law;
- (iii) (to the extent applicable) a statement of the value of the debt service reserve account or any other form of security offered on a quarterly basis, within 60 (sixty) days from each Quarterly Date or such other timelines as may be prescribed under Applicable Law;
- (iv) (to the extent applicable) a net worth certificate of the guarantor who has provided a personal guarantee in respect of the Debentures on a half yearly basis, within 60 (sixty) days from the end of each financial half-year or such other timelines as may be prescribed under Applicable Law;
- (v) (to the extent applicable) the financials/value of guarantor prepared on the basis of audited financial statement etc. of the guarantor who has provided a corporate guarantee in respect of the Debentures on an annual basis, within 75 (seventy five) days from the end of each Financial Year or such other timelines as may be prescribed under Applicable Law; and
- (vi) (to the extent applicable) the valuation report and title search report for the immovable/movable assets, as applicable, once in 3 (three) years, within 75 (seventy five) days from the end of the Financial Year or such other timelines as may be prescribed under Applicable Law.

(b) ***Recovery Expense Fund***

- (i) The Issuer hereby undertakes and confirms that it shall, within the time period prescribed under the SEBI Recovery Expense Fund Circular, establish, maintain and utilize the Recovery Expense Fund in such manner/mode as is prescribed under the SEBI Recovery Expense Fund Circular, to enable the Debenture Trustee to take prompt action in relation to the enforcement/legal proceedings under the Transaction Documents.
- (ii) The Issuer shall deposit cash or cash equivalents including bank guarantees towards the contribution to Recovery Expense Fund with the designated stock exchange and submit relevant documents evidencing the same to the Debenture Trustee from time to time.
- (iii) The Issuer shall ensure that any bank guarantees provided in respect of the Recovery Expense Fund remain valid for a period of 6 (six) months following the maturity date of the Debentures. The Issuer shall keep the bank guarantees in force and renew the bank guarantees at least 7 (seven) working days before its expiry, failing which the designated stock exchange may invoke such bank guarantee.
- (iv) On the occurrence of any Event of Default, the Debenture Trustee shall obtain the consent of Debenture Holders for enforcement/legal proceedings and shall inform the designated stock exchange of such occurrence and the obtaining of any consent in respect thereof (if any). The amount lying in the Recovery Expense Fund may be released to the Debenture Trustee within such time period and such manner as may be prescribed under the SEBI Recovery Expense Fund Circular. The Debenture Trustee shall keep a proper account of all expenses incurred out of the funds received from Recovery Expense Fund towards enforcement/legal proceedings under the Transaction Documents.

- (v) The amounts in the Recovery Expense Fund shall be refunded to the Issuer on repayment/redemption of the Debentures, following which a "no objection certificate" shall be issued by the Debenture Trustee(s) to the designated stock exchange. The Debenture Trustee shall ensure that there is no default on any other listed debt securities of the Issuer before issuing such "no objection certificate".

(c) ***Requirements under the LODR Regulations***

- (i) The Issuer agrees, declares and covenants with the Debenture Trustee that it will comply with all relevant requirements prescribed under the LODR Regulations applicable to it (including without limitation, Chapter IV of the LODR Regulations (to the extent applicable) and Chapter V of the LODR Regulations (to the extent applicable)).
- (ii) Without prejudice to paragraph (i) above, the Issuer shall, pursuant to Regulation 52(4) of the LODR Regulations, while submitting quarterly/annual financial results, shall provide to BSE and the Debenture Trustee the following information:
 - (A) debt-equity ratio;
 - (B) debenture redemption reserve;
 - (C) net worth;
 - (D) net profit after tax;
 - (E) earnings per share;
 - (F) current ratio;
 - (G) long term debt to working capital;
 - (H) bad debts to account receivable ratio;
 - (I) current liability ratio;
 - (J) total debts to total assets;
 - (K) debtors turnover;
 - (L) inventory turnover;
 - (M) operating margin (%);
 - (N) net profit margin (%);
 - (O) sector specific equivalent ratios, as applicable.

(d) ***Due Diligence***

- (i) The Issuer acknowledges, understands, and confirms that:
 - (A) the Debenture Trustee shall carry out due diligence on continuous basis to ensure compliance by the Issuer, with the provisions of the Act, the LODR Regulations, the Debt Listing Regulations, the Debenture Trustees Regulations, the listing agreement of the stock exchange(s) where the Debentures are listed, the Transaction Documents, and any other

regulations issued by SEBI pertaining to the Issue;

- (B) for the purposes of carrying out the due diligence as required in terms of the SEBI Listed Debentures Circulars, the Debenture Trustee, either through itself or its agents, advisors, consultants, shall have the power to examine the books of accounts of the Issuer and to have the Issuer's assets inspected by its officers and/or external auditors, valuers, consultants, lawyers, technical experts, management consultants appointed by the Debenture Trustee; and
 - (C) the Debenture Trustee may at any time through its authorized representatives and agents, inspect books of accounts, records, registers of Company and the trust property (as set out in the DTD) to the extent necessary for discharging its obligations. The Issuer shall provide full and unimpeded access to the records, registers and books of accounts and facilitate in the inspection and due diligence process. Any fees, costs expenses incurred in conducting such inspection/due diligence process shall be fully borne by the Issuer. In the event, any fees, costs expenses are borne by the Debenture Trustee, the above shall be reimbursed forthwith by the Issuer upon request.
- (ii) The Issuer shall submit documents/ information as the Debenture Trustee may require to conduct continuous and periodical due diligence and monitoring of the Transaction Security created or the assets on which security interest/ charge is created, which shall, *inter alia*, include:
- (A) periodical status/ performance reports from the Issuer within 7 (seven) days of the relevant board meeting of the Issuer or within 45 (forty five) days of the respective quarter, whichever is earlier;
 - (B) details with respect to defaults, if any, with regard to payment of interest or redemption of Debentures;
 - (C) details with respect to the implementation of the conditions regarding creation of the Transaction Security for the Debentures, debenture redemption reserve and Recovery Expense Fund;
 - (D) details with respect to the assets of the Issuer and of the guarantors (to the extent applicable) to ensure that they are sufficient to discharge the interest and principal amount at all times and that such assets are free from any other encumbrances except those which are specifically agreed to by the Debenture Holders;
 - (E) reports on the utilization of funds raised by the issue of Debentures;
 - (F) details with respect to conversion or redemption of the Debentures;
 - (G) (to the extent applicable) details with respect to dispatch of the debenture certificates and interest warrants, credit of the debentures in the demat account of the Debenture Holders and payment of amounts upon redemption of Debentures to the Debenture Holders due to them within the stipulated time period in accordance with the Applicable Law;
 - (H) (to the extent applicable) reports from the lead bank regarding the progress of the project relating to the proceeds of the Issue;
 - (I) details regarding monitoring of utilisation of funds raised in the issue of

the Debentures;

- (J) (to the extent applicable) certificate from the statutory auditor of the Issuer (i) in respect of utilisation of funds during the implementation period of the project relating to the proceeds of the Issue, and (ii) in the case of Debentures issued for financing working capital, at the end of each accounting year, each in accordance with the applicable regulations/circulars issued by the SEBI, and in such manner as may be prescribed by SEBI from time to time; and
 - (K) such other documents or information as may be required by the Debenture Trustee in accordance with the Applicable Law.
- (iii) Without prejudice to any other provision of the DTD and the other Transaction Documents, the Issuer shall:
- (A) provide such documents/information and assistance to the Debenture Trustee as may be required by the Debenture Trustee to carry out the necessary due diligence and monitor the security cover on a quarterly basis in the manner as may be specified by SEBI from time to time;
 - (B) to the extent applicable, submit a certificate from the statutory auditor on a half-yearly basis, regarding the maintenance of security cover in accordance with the terms of the Debt Disclosure Documents and the other Transaction Documents including compliance with the covenants of the Debt Disclosure Documents and the other Transaction Documents, in accordance with the applicable regulations/circulars issued by the SEBI, and in such manner as may be prescribed by SEBI from time to time;
 - (C) submit the following reports/certification (to the extent applicable) to the Debenture Trustee within the timelines mentioned below:

REPORTS/CERTIFICATES	TIMELINES FOR SUBMISSION REQUIREMENTS TO THE DEBENTURE TRUSTEE	TIMELINE FOR SUBMISSION OF REPORTS/CERTIFICATIONS BY DEBENTURE TRUSTEE
Security cover certificate	Quarterly basis within 60 (sixty) days from each Quarterly Date or such other timelines as prescribed under Applicable Law or as may be mutually agreed between the Issuer and the Debenture Trustee.	Quarterly basis within (A) 75 (seventy five) days from each Quarterly Date (other than March 31 of the relevant calendar year), and (B) 90 (ninety) days from March 31 of the relevant calendar year or such other timelines as may be prescribed under Applicable Law.
(To the extent applicable) A statement of value of pledged securities	Quarterly basis within 60 (sixty) days from each Quarterly Date or such other timelines as prescribed under Applicable Law or as may be mutually agreed between the Issuer and the Debenture Trustee.	Quarterly basis within 60 (sixty) days from each Quarterly Date or such other timelines as may be prescribed under Applicable Law.

REPORTS/CERTIFICATES	TIMELINES FOR SUBMISSION REQUIREMENTS TO THE DEBENTURE TRUSTEE	TIMELINE FOR SUBMISSION OF REPORTS/CERTIFICATIONS BY DEBENTURE TRUSTEE
(To the extent applicable) A statement of value for Debt Service Reserve Account or any other form of security offered	Quarterly basis within 60 (sixty) days from each Quarterly Date or such other timelines as prescribed under Applicable Law or as may be mutually agreed between the Issuer and the Debenture Trustee.	Quarterly basis within 60 (sixty) days from each Quarterly Date or such other timelines as may be prescribed under Applicable Law.
(To the extent applicable) Net worth certificate of guarantor (secured by way of personal guarantee)	Half yearly basis within such timelines as prescribed under Applicable Law or as may be mutually agreed between the Issuer and the Debenture Trustee.	Half yearly basis within 60 (sixty) days from the end of each financial half-year or such other timelines as may be prescribed under Applicable Law.
(To the extent applicable) Financials/value of guarantor prepared on basis of audited financial statement etc. of the guarantor (secured by way of corporate guarantee)	Annual basis within such timelines as prescribed under Applicable Law or as may be mutually agreed between the Issuer and the Debenture Trustee.	Annual basis within 75 (seventy five) days from the end of each Financial Year or such other timelines as may be prescribed under Applicable Law.
(To the extent applicable) Valuation report and title search report for the immovable/movable assets, as applicable	Within such timelines as prescribed under Applicable Law or as may be mutually agreed between the Issuer and the Debenture Trustee.	Once in 3 (three) years, within 75 (seventy five) days from the end of the Financial Year or such other timelines as may be prescribed under Applicable Law.

- (D) comply with all requirements under the SEBI Monitoring Circulars and the SEBI Due Diligence Circulars, and provide all documents/information as may be required in accordance with the SEBI Monitoring Circulars and the SEBI Due Diligence Circulars (including without limitation, any certifications by the statutory auditor of the Issuer in respect of the compliance status of the financial covenants set out in the DTD in accordance with the requirements prescribed in the SEBI Monitoring Circulars).

(e) **Forensic Audit**

In case of initiation of forensic audit (by whatever name called) in respect of the Issuer, the Issuer shall provide following information and make requisite disclosures to the stock exchanges:

- (i) the details of initiation of forensic audit along-with name of entity initiating the audit and reasons for such forensic audit, if available; and
- (ii) the final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the Issuer along with comments of the management of the Issuer, if any.

(f) **Others**

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- (i) The Issuer shall ensure due compliance and adherence to the SEBI Listed Debentures Circulars in letter and spirit.
- (ii) To the extent applicable and required in terms of the SEBI Defaults (Procedure) Circular, the Debenture Trustee shall execute an "inter creditor agreement" in the manner prescribed under the SEBI Defaults (Procedure) Circular.
- (iii) To the extent required/applicable, the Issuer shall provide intimation to the Debenture Trustee regarding (A) any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities issued by the Issuer, and (B) all covenants of the issue (including side letters, event of default provisions/clauses etc.).
- (iv) The Issuer shall promptly disclose and furnish to the Debenture Trustee, all documents/ information about or in relation to the Issuer or the Debentures, as requested by the Debenture Trustee to fulfil its obligations hereunder or to comply with any Applicable Law, including in relation to filing of its reports/ certification to stock exchange within the prescribed timelines.
- (v) The Issuer and the Debenture Trustee hereby agree and covenant to comply with the requirements prescribed under the SEBI DLT Monitoring Circular in respect of the Debentures and the transactions contemplated in the Transaction Documents.

8.2.8. Future Borrowings

The Issuer shall be entitled to borrow or raise loans or create encumbrances or avail financial assistance in whatever form, and also issue promissory notes or debentures or other securities, without the consent of, or intimation to the Debenture Holders or the Debenture Trustee, so long as:

- (a) the Security Cover is maintained;
- (b) no Event of Default or potential Event of Default has occurred and is subsisting; and
- (c) such action does not result in the violation of any Applicable Law (including any regulations/guidelines issued by SEBI from time to time).

SECTION 9: SPECIFIC DISCLOSURES FOR NBFCs**9.1 Details with regard to the lending done by the Issuer out of the issue proceeds of debt securities in last three years, including details regarding the following****9.1.1. Lending policy: Should contain overview of origination, risk management, monitoring and collections:**

The Issuer follows the model for group lending, under which, women are organised into 5 or 10 or upto 20 members under the Self Help Group Model and Joint Liability Group Model depending upon the area and geography the Company operates. A well-defined process of group identification, formation and regularisation is followed. An initial survey is conducted for the selection of the village. The Issuer has a policy of working only with women are in the bottom of the pyramid and economically weaker section, who are identified using various indexes and parameter. The groups formed are subjected to a various training program called the compulsory group training ("CGT"). The area manager conducts a final group verification program ("GVP ") to reevaluate the eligibility of the formed groups. The groups that pass the GVP are formalized as groups. Various controls exist in different stages to ensure right selection of the borrower

Risk Management Strategies

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

The following management strategies and policies are adopted by the Issuer to manage the various key risks.

Political Risk mitigation measures:

- Low cost operations and branch based collection model
- Low pricing for customers.
- Customer centric approach, high customer retention.
- Rural focus.
- Systematic customer awareness activities.
- High social focused activities.
- Adherence to client protection guidelines.
- Robust grievance redressal mechanism.
- Adherence to regulatory guidelines in letter and spirit.

Operational & HR Risk mitigation measures:

- Stringent customer enrolment process.
- Multiple product to meet customer need
- Proper recruitment policy and appraisal system.
- Adequately trained field force.
- Monthly collection model at branch with high customer touch, lower amount instalments.
- Multilevel monitoring framework.
- Strong, Independent and fully automated Internal Audit function.
- Strong and Independent Risk Team to have checks and Balances
- Strong IT system with access to real time client and loan data.

Liquidity risk mitigation measures:

- Diversified funding resources.
- Effective Asset liability management.

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- Effective fund management.
- Maximum cash holding cap.

Expansion risk mitigation measures:

- Contiguous growth.
- District centric concentration approach
- Rural focus.
- Branch selection based on census data & credit bureau data.
- Three level survey of the location selected.

9.1.2. Classification of loans/ advances given to associates, entities/ person relating to board, senior management, promoters, others, etc.:

No Loans / advances has been given to associates, entities/ person relating to board, senior management, promoters, others

9.1.3. Classification of loans/ advances given, according to type of loans, denomination of loan outstanding by loan to value, sectors, denomination of loans outstanding by ticket size, geographical classification of borrowers, maturity profile etc.: As at June 30,2022

Loan Size	No of Loans	Total POS
< 4000	1,869	0.22
4000 - 9999	53,164	33.60
10000 - 15999	20,702	16.22
16000 - 19999	3,801	3.92
20000 - 29999	53,479	72.78
30000 - 39999	10,32,239	1,817.39
40000 - 49999	5,96,477	1,810.90
50000 - 59999	91,006	298.79
60000 - 69999	29,601	114.21
70000 - 74999	90,637	398.99
75000 - 99999	2,611	12.97
100000 - 149999	6,730	50.98
150000 - 199999	2,297	26.03
>= 200000	1,807	31.53
BUYOUT	0	7.08
Grand Total	1986420	4,695.61

Portfolio OS	No of Loans	Total POS
< 4000	86,412	19.58
4000 - 9999	2,62,046	182.11
10000 - 15999	3,00,599	383.46
16000 - 19999	1,92,169	353.55
20000 - 29999	5,40,594	1,344.56
30000 - 39999	3,85,611	1,321.21
40000 - 49999	1,49,764	624.55
50000 - 59999	32,692	175.94
60000 - 69999	20,594	131.32
70000 - 74999	7,893	55.37
75000 - 99999	3,529	30.53
100000 - 149999	2,863	33.86
150000 - 199999	1,088	18.26
>= 200000	566	14.24
BUYOUT	0	7.08
Grand Total	19,86,420.00	4,695.61
State Name	No of Loans	Total POS
BIHAR	70,427	158.68
CHHATTISGARH	50,822	104.69
DELHI	4,788	9.53
GUJARAT	84,808	200.62
HARYANA	8,263	17.55
KARNATAKA	1,77,186	375.68
KERALA	1,18,323	262.48
MADHYA PRADESH	1,31,725	305.55
MAHARASTRA	88,178	202.08
ODISHA	80,159	184.90
PUDUCHERRY	18,257	47.89
PUNJAB	16,765	35.18
RAJASTHAN	68,627	158.96
TAMIL NADU	8,62,871	2,160.84
TRIPURA	16,367	31.21
UTTAR PRADESH	1,13,490	241.61
UTTARAKHAND	25,896	58.79
WEST BENGAL	49,468	132.27
BUYOUT	0	7.08
Grand Total	1986420	4,695.61

Please also refer Section 9.3.

9.1.4. Aggregated exposure to the top 20 borrowers with respect to the concentration of advances, exposures to be disclosed in the manner as prescribed by RBI in its stipulations on Corporate Governance for NBFCs or HFCs, from time to time:

Top 20 Customers as at June 30,2022

Sr. No.	Name of the Borrower	Total Sanctioned Loan Amount	Disbursed Loan Amount	Total Principal Outstanding Amount
1	SHAKILA S	5,00,000.00	5,00,000.00	4,94,460.00
2	SARALADEVI ANTHONYJAWAHAR	3,00,000.00	3,00,000.00	3,00,000.00
3	PUSHPA SELVAKUMAR	3,00,000.00	3,00,000.00	3,00,000.00
4	UMA SRINIVASAN	3,00,000.00	3,00,000.00	3,00,000.00
5	LOGANAYAGI SEENU	3,00,000.00	3,00,000.00	3,00,000.00
6	Dhanalakshmi Suthagar	3,00,000.00	3,00,000.00	3,00,000.00
7	Vijaya Karnan	3,00,000.00	3,00,000.00	3,00,000.00
8	Thilgavathi Siva	3,00,000.00	3,00,000.00	3,00,000.00
9	VANITHA SATHEESH	3,00,000.00	3,00,000.00	3,00,000.00
10	Lidiya Parthiban	3,00,000.00	3,00,000.00	3,00,000.00
11	Sithika Begum Mohamed Sajithullah	3,00,000.00	3,00,000.00	3,00,000.00
12	Manimegalai Krishnasamy	3,00,000.00	3,00,000.00	3,00,000.00
13	RAJATHI RAJA	3,00,000.00	3,00,000.00	3,00,000.00
14	CHANDRA ARUMUGAM	3,00,000.00	3,00,000.00	3,00,000.00
15	ANJALAI VELMURUGAN	3,00,000.00	3,00,000.00	3,00,000.00
16	PALANIYAMMAL ARUMUGAM	3,00,000.00	3,00,000.00	3,00,000.00
17	SANGEETHA BABU	3,00,000.00	3,00,000.00	3,00,000.00
18	MOHANASUNDARI SANKAR	3,00,000.00	3,00,000.00	3,00,000.00
19	SAMANTHI MANI	3,00,000.00	3,00,000.00	3,00,000.00
20	KAVITHA S	3,00,000.00	3,00,000.00	3,00,000.00

9.1.5. Details of loans, overdue and classified as non-performing in accordance with RBI stipulations:

DPD Bucket (June -22) Rs Crores

Ageing	Portfolio Outstanding
Current	4,156.13
1-29 days past due	48.98
30-59 days past due	37.44
60-89 days past due	71.81
90-119 days past due	15.19
120-179 days past due	128.28
>=180 days	237.78
Total	4,695.61

Please also refer Section 9.3.6 below.

9.2 In order to allow investors to better assess the debt securities issued by the NBFC/ HFC, the following disclosures shall also be made by such Issuer:

9.2.1. A portfolio summary with regard to industries/ sectors to which borrowings have been made:

As at June 30,2022 (Rs) Crores

LoanPurpose	No of Loans	Total POS
AGRICULTURE	4,51,880	1,096.86
AGRICULTURE AND ALLIED	7,17,747	1,742.95
CONSUMER GOODS	22,780	19.08
CONSUMPTION LOAN	51,708	33.07
EDUCATION LOAN	36,327	52.45
EMERGENCY LOAN	6,691	3.71
PRODUCTION OR MANUFACTURING	16,723	36.99
SEL LOAN	13,586	121.81
SERVICES	4,35,293	1,037.77
TRADE AND BUSINESS	2,33,685	543.85
BUYOUT	0	7.08
Grand Total	1986420	4,695.611

Please also refer Section 9.3.3 below.

9.2.2. NPA exposures of the issuer for the last three financial years (both gross and net exposures) and provisioning made for the same as per the last audited financial statements of the Issuer:

Particulars	FY20	FY21	FY22	June 30,2022
	Audited	Audited	Audited	Limited Review
Gross NPAs	23.58	78.32	250.18	376.38
Provision for NPAs	21.63	61.77	168.18	231.99
Net NPAs	1.95	16.55	82.00	144.39
Gross Advances	2,125.75	2,875.27	3778.011	3972.84
Gross NPAs / Gross Advances	1.11%	2.72%	6.65%	9.47%
Net Advances	2,088.87	2,777.25	3554.252	3717.69
Net NPAs / Net Advances	0.09%	0.60%	2.32%	3.88%
Loan Write off	12.77	19.72	22.83	5.00

9.2.3. Quantum and percentage of secured vis-à-vis unsecured borrowings made:

Borrowing as on June 30, 2022	Amt Rs crore	%
Secured	3501.33	95.51%
Unsecured	164.50	4.49%
Total	3665.83	100.00%

9.2.4. Any change in promoters' holdings during the last financial year beyond the threshold, as prescribed by RBI:

None

9.3 Classification of loans/ advances given according to:**9.3.1. Type of loans :**Details of types of loans As at June 30 ,2022

S. No.	Type of loans	INR, Crore
1	Secured	113.06
2	Unsecured	4,582.55
	Total assets under management (AUM)*^	4,695.61

**Information required at borrower level (and not by loan account as customer may have multiple loan accounts);*

^Issuer is also required to disclose off balance sheet items;

9.3.2. Denomination of loans outstanding by loan-to-value:Details of LTV As at June 30,2022-NA

S. No.	LTV (at the time of origination)	Percentage of AUM
1.	Up to 40%	NA
2.	40-50%	NA
3.	50-60%	NA
4.	60-70%	NA
5.	70-80%	NA
6.	80-90%	NA
7.	>90	NA
	Total	NA

9.3.3. Sectoral exposure:Details of sectoral exposure As at June 30,2022

S. No.	Segment-wise break-up of AUM	Percentage of AUM
1.	Retail	
(A)	Mortgages (home loans and loans against property)	-
(B)	Gold loans	-
(C)	Vehicle finance	-
(D)	MFI	4695.61
(E)	MSME	
(F)	Capital market funding (loans against shares, margin funding)	
(G)	Others	
2.	Wholesale	
(A)	Infrastructure	

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

(B)	Real estate (including builder loans)	-
(C)	Promoter funding	-
(D)	Any other sector (as applicable)	-
(E)	Others	-
	Total	4695.61

9.3.4. Denomination of loans outstanding by ticket size*:Details of outstanding loans category wise- As at June 30,2022

S. No.	Ticket size (at the time of origination)	Percentage of AUM
1.	Up to INR 2 lakh	99.33%
2.	INR 2-5 Lakh	0.67%
3.	INR 5-10 Lakh	-
4.	INR 10-25 Lakh	-
5.	INR 25-50 Lakh	-
6.	INR 50 Lakh - 1 crore	-
7.	INR 1-5 crore	-
8.	INR 5-25 crore	-
9.	INR 25-100 crore	-
10.	> INR 100 crore	-
	Total	100.00%

** Information required at the borrower level (and not by loan account as a customer may have multiple loan accounts);*

9.3.5. Geographical classification of borrowers:Top 5 states borrower wise as at June 30,2022

S. No.	NAME OF STATE	Percentage of AUM
1.	TAMIL NADU	46.02%
2.	KARNATAKA	8.00%
3.	MADHYA PRADESH	6.51%
4.	KERALA	5.59%
5.	UTTAR PRADESH	5.15%
	Total	71.26%

9.3.6. Details of loans overdue and classified as non-performing in accordance with RBI's stipulations:

Movement of gross NPA

Movement of gross NPA*	INR, Crore
Opening gross NPA – April 01, 2021	78.32
- Additions during the year	255.17
- Reductions during the year	83.31
Closing balance of gross NPA March 31,2022	250.1848

Movement of provisions for NPA

Movement of provisions for NPA	INR, Crore
Opening balance April 01,2021	16.55
- Provisions made during the year	117.44
- Write-off/ write-back of excess provisions	51.99
Closing balance March 31,2022	82.00

**Please indicate the gross NPA recognition policy (Day's Past Due): When ever the loan account reached 90days over due the same is recognised as NPA as per RBI guidelines*

9.3.7. Segment-wise gross NPA:Segment wise gross NPA As at June 30,2022

S. No.	Segment-wise gross NPA	Gross NPA (%)
1.	Retail	
(A)	Mortgages (home loans and loans against property)	-
(B)	Gold loans	-
(C)	Vehicle loans	-
(D)	MFI	9.47%
(E)	MSME	-
(F)	Capital market funding (loans against shares, margin funding)	-
(G)	Others	
2.	Wholesale	
(A)	Infrastructure	-
(B)	Real estate (including builder loans)	-
(C)	Promoter funding	-

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

(D)	Any other sector (as applicable)	-
(E)	Others	-
	Total	9.47%

9.3.8. Residual maturity profile of assets and liabilities (in line with the RBI format):

Residual maturity profile of assets and liabilities As at June 30, 2022

Category	Up to 30/31 days	>1 month - 2 months	>2 months - 3 months	>3 months - 6 months	>6 months - 1 year	>1 year - 3 years	>3 years - 5 years	> 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances	202.25	219.34	220.00	645.36	1164.48	1302.89			3,754.32
Investments	528.36	1.39	5.02	8.35	54.93	28.94	1.56		628.55
Borrowings	285.75	126.33	395.73	475.82	1010.32	1244.36	71.34	49.79	3,659.43
FCA*	-	-	-	-	-	-	-	-	-
FCL*	-	-	-	-	-	-	-	-	-

**FCA – Foreign Currency Assets; FCL – Foreign Currency Liabilities*

9.4 Disclosure of latest ALM statements to stock exchange:

N.A. There is no ALM disclosure to the stock exchange

SECTION 10: OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Placement Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

10.1 Mode of Transfer/Transmission of Debentures

The Debentures shall be transferable freely; however, it is clarified that no Investor shall be entitled to transfer the Debentures to a person who is not entitled to subscribe to the Debentures. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other applicable laws. The Debentures held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the Register of Debenture Holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

10.2 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/EFT/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. The names would be as per the R&T Agent's records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The list of beneficiaries as of the relevant Record Date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by EFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

10.3 Debenture Trustee for the Debenture Holder(s)

The Issuer has appointed IDBI Trusteeship Services Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee have entered/intend to enter into the Debenture Trust Agreement and the Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of principal and coupon thereon and they will take necessary action, subject to and in accordance with the Debenture Trust Agreement and the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trust Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

10.4 Sharing of Information

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

10.5 Debenture Holder not a Shareholder

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

10.6 Modification of Debentures

Any Transaction Document may be modified or amended with the written consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) by way of an instrument in writing executed by the Issuer and the Debenture Trustee.

10.7 Right to accept or reject Applications

The Board of Directors/Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

10.8 Notices

Any notice, in respect of the Debentures, may be served by the Issuer upon the Debenture Trustee/Debenture Holders in accordance with the terms of the Transaction Documents.

10.9 Issue Procedure

Only Eligible Investors as given hereunder may apply for the Debentures by completing the Application Form in the prescribed format in block letters in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application Forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and /or redemptions warrants.

The applicant should transfer payments required to be made in any relation by EFT/RTGS, to the bank account of the Issuer as per the details mentioned in the Application Form.

10.10 Application Procedure

Potential Investors will be invited to subscribe by way of the Application Form prescribed in the Placement Memorandum during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

10.11 Fictitious Applications

All fictitious applications will be rejected.

10.12 Basis of Allotment

Notwithstanding anything stated elsewhere, the Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. Subject to the aforesaid, in case of over subscription, priority will be given to potential investors on a first come first serve basis. The investors will be required to remit the funds as well as submit the duly completed Application Form along with other necessary documents to Issuer by the Deemed Date of Allotment.

10.13 Payment Instructions

The Application Form should be submitted directly. The entire amount of INR 10,00,000 (Indian Rupees Ten Lakh) per Debenture is payable along with the making of an application. Applicants can remit the application amount through RTGS on Pay-in Date. The RTGS details of the Issuer are as under:

Beneficiary name	Belstar Microfinance Limited
Beneficiary account no.	40354198964
Branch address	State Bank of India, Krm Plaza, Ground Floor, No. 2, Harrington Road, Chetpet, Chennai – 600031
Beneficiary bank	State Bank of India
Account type	Share Application Money
IFSC code	SBIN0009930

10.14 Eligible Investors

The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"):

- A. Mutual Funds;
- B. Public financial institutions as defined in Section 2(72) of the Companies Act, 2013;
- C. Scheduled banks and Non-banking financial companies;
- D. Insurance companies;
- E. Cooperative banks, regional rural banks and infra financing companies authorised to invest in debentures.
- F. Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds;
- G. Corporates;
- H. Banks;
- I. Foreign Portfolio Investors (FPIs) (subject to compliance with the SEBI/ RBI norms);
- K. Foreign Institutional Investors (FIIs) (subject to compliance with the SEBI/ RBI norms);
- L. Qualified Foreign Investors (QFIs);
- M. Insurance Companies;
- N. Investment holding companies of high net worth individuals;
- O. Trusts authorised to invest in debentures;
- P. Statutory corporations/ undertakings established by Central/ State legislature authorized to invest in Debentures;
- Q Individuals; and
- R. Any other person/entity eligible to invest in non-convertible debentures under Applicable Law

All potential Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

10.15 Procedure for Applying for Dematerialised Facility

- (a) The applicant must have at least one beneficiary account with any of the DP's of NSDL/CDSL prior to making the application.
- (b) The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".
- (c) Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.
- (d) For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.
- (e) Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.
- (f) If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.
- (g) For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.
- (h) The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

10.16 Depository Arrangements

The Issuer shall make necessary arrangement with CDSL and NSDL for issue and holding of Debenture in dematerialised form.

10.17 List of Beneficiaries

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of redemption monies.

10.18 Application under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories of the Investor(s) and the tax exemption certificate/document of the Investor(s), if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

10.19 Procedure for application by Mutual Funds and Multiple Applications

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered with the SEBI and such applications will not be treated as multiple application, provided that the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

The Application Forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of:

- (a) SEBI registration certificate
- (b) Resolution authorizing investment and containing operating instructions
- (c) Specimen signature of authorized signatories

10.20 Documents to be provided by Investors

Investors need to submit the following documents, as applicable:

- (a) Memorandum and Articles of Association or other constitutional documents
- (b) Resolution authorising investment
- (c) Certified true copy of the Power of Attorney to custodian
- (d) Specimen signatures of the authorised signatories
- (e) SEBI registration certificate (for Mutual Funds)
- (f) Copy of PAN card
- (g) Application Form (including EFT/RTGS details)

10.21 Applications to be accompanied with Bank Account Details

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through cheque/EFT/RTGS.

10.22 Succession

In the event of winding up of a Debenture Holder (being a company), the Issuer will recognise the legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognize such legal representative as having title to the Debenture(s), unless they obtain legal representation, from a court in India having jurisdiction over the matter.

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of such legal representation, in order to recognise any person as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on the production of sufficient documentary proof and an indemnity.

10.23 Mode of Payment

All payments must be made through cheque(s) demand draft(s), EFT/RTGS as set out in the Application Form.

10.24 Effect of Holidays

Please refer Section 8.1 (*Summary Terms*).

10.25 Tax Deduction at Source

- (a) All payments to be made by the Company to the Debenture Holders under the Transaction Documents shall be made free and clear of and without any Tax Deduction unless the Company is required to make a Tax Deduction pursuant to Applicable Law.
- (b) The Company shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Debenture Trustee accordingly.
- (c) If the Company is required to make a Tax Deduction, it shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by Applicable Law.
- (d) Within the earlier of (A) 60 (sixty) days of making either a Tax Deduction or any payment required in connection with that Tax Deduction or (B) 60 (sixty) days of each Due Date, the Company shall deliver to the Debenture Trustee evidence reasonably satisfactory to the Debenture Trustee that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

10.26 Allotment

The Company shall ensure that the Debentures are allotted to the respective Debenture Holders and are credited into the demat accounts of the relevant Debenture Holders within the timelines prescribed under the SEBI Listing Timelines Requirements.

10.27 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investors from the Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is October 31, 2022.

10.28 Record Date

The Record Date will be 15 (fifteen) calendar days prior to any Due Date.

10.29 Refunds

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (seven) days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the R&T Agent shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

10.30 Interest on Application Money

Please refer Section 8.1 (*Summary Terms*).

10.31 PAN Number

Every applicant should mention its Permanent Account Number ("**PAN**") allotted under Income Tax Act, 1961, on the Application Form and attach a self-attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

10.32 Payment on Redemption

Payment on redemption will be made by way of cheque(s)/redemption warrant(s)/demand draft(s)/credit through RTGS system/funds transfer in the name of the Debenture Holder(s) whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the Record Date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s) whose name appears in the Register of Debenture Holder(s) on the Record Date. On such payment being made, the Issuer will inform NSDL/CDSL and accordingly the account of the Debenture Holder(s) with NSDL/CDSL will be adjusted.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

Disclaimer: Please note that only those persons to whom this Placement Memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all those documents / authorizations / information, which are likely to be required by the Issuer. The Issuer may, but is not bound to, revert to any investor for any additional documents / information, and can accept or reject an application as it deems fit. Provisions in respect of investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/ guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.

SECTION 11: DECLARATION

- A. The Issuer has complied with the provisions of the Companies Act, 2013 and the rules made hereunder.
- B. The compliance with the Companies Act, 2013 and the rules made thereunder do not imply that payment of dividend or interest or repayment of the Debentures, if applicable, is guaranteed by the Central Government.
- C. The monies received under the offer shall be used only for the purposes and objects indicated in this Placement Memorandum.

I am authorized by the Board of Directors of the Issuer *vide* resolution dated January 31, 2022 read with the resolution dated October 25, 2022 of the finance committee of the board of directors of the Issuer, to sign this Placement Memorandum and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with.

Whatever is stated in this Placement Memorandum and in the attachments thereto is true, correct and complete and no information material to the subject matter of this Placement Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this Placement Memorandum.

The Issuer declares that all the relevant provisions in the regulations/guideline issued by SEBI and other applicable laws have been complied with and no statement made in this Placement Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other applicable laws, as the case may be. The information contained in this Placement Memorandum is as applicable to privately placed debt securities and subject to the information available with the Issuer. The extent of disclosures made in this Placement Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

For Belstar Microfinance Limited



Authorised Signatory

Name: Sunil Kumar Sahu

Title: Company Secretary

Place: Chennai

Date: October 31, 2022

ANNEXURE I: TERM SHEETAs provided in Section 8.1 (*Summary Terms*) above.

Please also find below the indicative term sheet executed by the Issuer in respect of the Debentures:

*Privileged and confidential***FINAL TERM SHEET*****The terms and conditions given below are indicative only and are not exhaustive and subject to change.***

PARTIES INVOLVED IN THE ISSUE	
Issuer / Company	Belstar Microfinance Limited
Debenture Trustee	IDBI Trusteeship Services Limited
Depository	NSDL/CDSL
Registrar and transfer agent	Integrated Registry Management Services Private Limited
Rating Agency	CRISIL
Legal Counsel	Phoenix Legal
Guarantor(s)	Not Applicable
Credit Enhancer(s)	Not Applicable
Other obligor(s)	Not Applicable
Valuation Agency	ICRA Analytics
DETAILS OF THE INSTRUMENT	
Type of instrument	Principal protected non-convertible market linked debentures
Nature of instrument	Rated Senior Secured Transferable Redeemable Principal Protected Non-Convertible Market Linked Debentures.
Ranking	Senior
Security requirements	Debentures shall be secured as per the terms and conditions stipulated under the heading 'Security Creation' hereunder.
Listing requirements	To be listed in the Wholesale Debt Market segment of BSE within 4 trading days from the Deemed Date of Allotment. In the event that debentures are not listed on the BSE within 4 (four) trading days from the deemed date of allotment, the company shall pay default interest at the rate of 1% (one percent) per annum on the outstanding principal amount of debentures over and above the coupon rate for the period commencing from the deemed date of allotment till the date debentures are listed on BSE.
Rating	CRISIL MLD AA-
ISSUE DETAILS	
Mode of issue	Private Placement
Form of issue	Debentures will be issued in dematerialized form.
Issue size	3,000 (three thousand) rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures denominated in Indian Rupees, each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of INR 300,00,00,000 (Indian Rupees Three Hundred Crore) inclusive of a green shoe option of 500 (five hundred) rated, senior, secured, listed,

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	transferable, redeemable, principal protected market linked non-convertible debentures denominated in Indian Rupees, each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of INR 50,00,00,000 (Indian Rupees Fifty Crore) ("Debentures" or "NCDs")		
Tenor	731 days from the date of allotment		
Face value	INR. 10,00,000/- (Indian Rupees Ten Lakhs only)		
Issue price	Debentures will be issued at par.		
Issue Schedule	Issue Opening Date	October 31, 2022	
	Issue Payin Date	October 31, 2022	
	Issue Closing Date	October 31, 2022	
	Deemed Date of Allotment	October 31, 2022	
Objects of the issue	Issue proceed will be utilized for following purposes: • General Corporate Purpose • for ordinary course of business of Issuer including repayment/re-financing of existing debt • For deployment in business & growth of asset book		
Utilization of issue proceeds	The proceeds will be utilised as per the objects of the Issue. No part of the proceeds would be utilized directly / indirectly towards equity capital markets or land acquisition or usages as restrictive for bank financing.		
REDEMPTION			
Redemption Amount	Each Debenture shall be redeemed at par.		
Scheduled Redemption	Debentures shall be redeemed on a pro rata basis as set out in Schedule 1 (Redemption Schedule) hereto and shall be fully redeemed by the Final Redemption Date.		
Final Redemption Date	October 31, 2024		
Early Redemption	Not Applicable		
Early Redemption Premium	Not Applicable		
COUPON PAYMENT			
Coupon Type	Linked to [6.54% GS 2032] In case, due to any reason whatsoever, the official closing level of the Reference Index on the Final Fixing Date is not available/visible for the purposes of determining the Final Fixing Level, then, the last determined/known official closing level of the Reference Index immediately preceding the Final Fixing Date will be considered for the purposes of determining the Final Fixing Level.		
Coupon Rate	Not Applicable. Effective Coupon Amount per Debenture shall be paid by the Company to the Debenture Holders as interest on the Final Redemption Date or the Early Redemption Date i.e. (the date on which		

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	the Debentures are redeemed prior to the Final Redemption Date in terms of the Transaction Documents), as the case may be. The said 'Effective Coupon Amount' being the interest amount to be paid per Debenture by the Issuer to the Debenture Holders shall be determined in accordance with the method of calculation set out in Schedule 2 (Method of calculation of Effective Coupon Amount) hereto.
Coupon Payment Frequency	Bullet
Coupon Payment Dates	On the Final Redemption Date
Step-up Coupon	Not applicable.
Step-down Coupon	Not applicable.
Default interest	Coupon Rate plus 2.00 % (Two point Zero Zero percent) per annum on outstanding principal amounts.
CONVENTIONS	
Day Count Basis	Actual/Actual
Business Day	Means any day, other than a public holiday under Section 25 of the Negotiable Instruments Act, 1881 or a Sunday, on which banks are open for general business in Mumbai and Chennai;
Date Convention	(a) If the date of payment of any interest in respect of the Debentures falls on a day that is not a Business Day, such payment of interest shall be made on the next occurring Business Day; (b) If the date of payment of any redemption amount falls on a day that is not a Business Day, such payment of installment shall be made on the immediately preceding Business Day; and (c) If the Final Redemption Date or the Early Redemption Date (the date on which the Debentures are redeemed prior to the Final Redemption Date in terms of the Transaction Documents), as the case may be, falls on a day that is not a Business Day, such payment of interest and redemption amount shall be made on the immediately preceding Business Day.
THIRD PARTY OBLIGATIONS	
Guarantor(s)	Not applicable.
Credit Enhancer(s)	Not applicable.
Other Obligor(s)	Not applicable.
SECURITY CREATION	
Hypothecation	The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables ("Hypothecated Receivables") created pursuant to the agreement of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Hypothecated Receivables shall at all times be equal to the value of the outstanding principal amount of the Debentures. The Issuer undertakes: to maintain the value of security at all times equal to 1.10 (one decimal point one zero) time or 110% (one hundred and ten

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	Percent) the aggregate amount of outstanding NCDs where at least 1.10 (one decimal point one zero) time or 110% (one hundred and ten Percent) of the security cover is from principal receivables ("Security Cover"); - to pay a penal interest of 2.0% (Two Percent) p.a. in case there is any delay in the creation, registration and perfection of the security over the Hypothecated Assets; - to provide a list on a monthly basis, of specific loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) ("Hypothecated Asset Report") - to add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Assets is equal to 1.10 (one decimal point one zero) time or 110% (one hundred and ten Percent) the aggregate amount of outstanding NCDs where at least 1.10 (one decimal point one zero) time or 110% (one hundred and ten Percent) of the security cover is from principal receivables. Eligibility Criteria for the Hypothecated Receivables: - the receivables are existing at the time of selection and have not been terminated or pre-paid; - All "Know Your Customer" norms have been complied with as prescribed by the Reserve Bank of India - Loans constituting the hypothecated receivables must be in the form of loans extended to businesses or to individual obligors for the purpose of his / her business. - Every loan originated from the facility should be originated by the Issuer and not loans purchased from a third party
Pledge	None
Mortgage	None.
OTHER COVENANTS	
Related Party Transactions	Issuer shall not enter into any transaction(s) with a related party without the prior written consent of the Debenture Trustee if it is not within the Arm length basis.
Affirmative Covenants	a) To utilise the proceeds of this issue in accordance with applicable laws and regulations b) To promptly inform notice of winding up / other legal proceedings c) To promptly inform Material adverse effect d) To provide the investor with access to data / information / meetings with the management team for periodical portfolio monitoring e) To comply with corporate governance, fair practices code prescribed by RBI f) To retain "AA- rating"

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	g) The Company shall always ensure that Muthoot Finance Limited until the Final Redemption Date, continues to own 51% (51% Percent) or above of the equity shareholding of the Company, on a fully diluted basis. And as set out in greater detail in the Debenture Trust Deed.
Negative Covenants	As listed in the Debenture Trust Deed.
Events of Default	As listed in the Debenture Trust Deed.
Reporting Covenants	(a) QUARTERLY REPORTS -within 45 (Forty-five) Calendar days after the end of each calendar quarter: (i) List of Board of Directors (ii) Shareholding Pattern (iii) Financial covenant compliance certificate (b) ANNUAL REPORTS – within 120 days after the end of each fiscal year (i) Audited financials (ii) A certificate from the Director/CFO confirming that there is no Potential Default or Event of Default; (iii) corporate social responsibility report (c) EVENT BASED REPORTS – within 15 business days of event occurring (i) Change in Board of Directors (ii) Change in the shareholding structure (iii) Change in the Senior Management officials (any CXO, or equivalent) (iv) Change in statutory auditors (v) Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect. (vi) Winding up proceedings (vii) Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same. (viii) Any prepayment or notice of any prepayment of any Indebtedness of the Issuer
Financial Covenants	1) The capital adequacy ratio as per applicable regulations and as prescribed by RBI from time to time. All covenants would be tested on quarterly basis for the Company i.e. as on 31 March, 30 June, 30 Sept and 31 Dec every year, starting from 31 June, 2022 on standalone balance sheet till the redemption of the Debentures. The covenants shall be certified by the Company within 60 days from end of each reporting quarter.
Transaction documents	Debenture Trust Deed, Deed of Hypothecation, Disclosure Documents, Resolutions, the letters issued by the Rating Agency and the Registrar and all other documents in relation to the issuance of the Debentures.

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	Disclosure Documents means collectively, (a) the debt disclosure document to be issued by the Issuer in terms of sub-regulation (1) of Regulation 21 (<i>Disclosures in respect of Private Placements of Debt Securities</i>) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (if applicable); and (b) private placement offer letter to be issued by the Issuer in terms of section 42 (<i>Offer or invitation for subscription of securities on private placement</i>) of the Companies Act, 2013. Resolutions means collectively, (a) special resolution of the shareholders of the Company under Section 180(1)(a) of the Companies Act, 2013; (b) special resolution of the shareholders of the Company under Section 180(1)(c) of the Companies Act, 2013; (c) board resolution of the board of directors of the Company under Section 42 and other applicable provisions of the Companies Act, 2013 and Rules thereunder; (d) special resolution of the shareholders of the Company under the applicable provisions of the Companies Act, 2013 and Rule 14(2) and other applicable provisions of Companies (Prospectus and Allotment of Securities) Rules, 2014.
Risk Factors associated with Market Linked Debentures	The securities are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behavior of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models. The principal amount is subject to the credit risk of the Issuer whereby the investor may or may not recover all or part of the funds in case of default by the Issuer.
Other Costs & Conditions	The Issuer shall bear the costs and expenses incurred in connection with the transactions contemplated hereby including stamp duty and registration fee (if applicable) on the Transaction Documents (and the Debentures), appointment of the Debenture trustee, legal advisors' expenses and expenses incurred in the preparation for the Transaction Documents.
Governing Law and Jurisdiction	Indian Law with jurisdiction of the courts and tribunals of Chennai

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*Privileged and confidential***Schedule 1****Redemption Schedule***If the annualized coupon rate is 9.35%*

Redemption Installments	Redemption Date	Principal Amount to be redeemed per Debenture (in INR)	Interest Amount to be redeemed per Debenture (in INR)	REDEMPTION PAYMENT PER DEBENTURE (IN INR) (being the aggregate of the Outstanding Principal Amounts and the Interest Amounts, per Debenture)
1	Final Redemption date	10,00,000	1,96,035	11,96,035

If the annualized coupon rate is 9.30%

Redemption Installments	Redemption Date	Principal Amount to be redeemed per Debenture (in INR)	Interest Amount to be redeemed per Debenture (in INR)	REDEMPTION PAYMENT PER DEBENTURE (IN INR) (being the aggregate of the Outstanding Principal Amounts and the Interest Amounts, per Debenture)
1	Final Redemption date	10,00,000	1,94,940	11,94,940

If the annualized coupon rate is 0%

Redemption Installments	Redemption Date	Principal Amount to be redeemed per Debenture (in INR)	Interest Amount to be redeemed per Debenture (in INR)	REDEMPTION PAYMENT PER DEBENTURE (IN INR) (being the aggregate of the Outstanding
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(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

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				Principal Amounts and the Interest Amounts, per Debenture)
1	Final Redemption date	10,00,000	0	10,00,000

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Schedule 2

Method of calculation of Effective Coupon Amount

Coupon Amount	$Face\ Value * [(1 + Annualized\ Coupon\ Rate)^{(Tenor\ in\ Days/365)} - 1]$								
Annualized Coupon Rate	Coupon is linked to the yield of Underlying / Reference Index, as specified in table below <table border="1"> <tr> <th>If Yield of underlying on Final Fixing Date</th><th>Coupon on XIRR basis</th></tr> <tr> <td>Is <=18%</td><td>9.35% XIRR</td></tr> <tr> <td>Is <=24% and >18%</td><td>9.30% XIRR</td></tr> <tr> <td>Is > 24%</td><td>0.00%</td></tr> </table>	If Yield of underlying on Final Fixing Date	Coupon on XIRR basis	Is <=18%	9.35% XIRR	Is <=24% and >18%	9.30% XIRR	Is > 24%	0.00%
If Yield of underlying on Final Fixing Date	Coupon on XIRR basis								
Is <=18%	9.35% XIRR								
Is <=24% and >18%	9.30% XIRR								
Is > 24%	0.00%								
Face Value	INR 10,00,000 (Rupees Ten Lakh only) per Debenture								
Tenor In Days	731 Days from Deemed Date of Allotment** **In the case of an Early Redemption, Tenor in Days will be number of days between the Deemed Date of Allotment and Early Redemption Date								
Underlying /Reference Index/ Digital Level	[6.54% GS 2032] having ISIN IN0020210244								
Final Fixing Level	Yield Last Traded (closing) of 6.54% G-Sec 2032 as on Final Fixing Date, as determined in accordance with the Digital Level								
Final Fixing Date	30 days prior to the Final Redemption Date or Early Redemption date, as applicable								

Scenario Analysis: Tabular Representations

Yield of Underlying on Final Fixing Date	Face Value (INR)	Annualised Pre-Tax Return IRR	Maturity Value * (INR)
16%	10,00,000	9.35% XIRR	11,96,035
18%	10,00,000	9.35% XIRR	11,96,035
19%	10,00,000	9.30% XIRR	11,94,940
22%	10,00,000	9.30% XIRR	11,94,940
24%	10,00,000	9.30% XIRR	11,94,940
25%	10,00,000	0.00%	10,00,000

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Note: This scenario analysis is being provided for illustrative purposes only. It does not represent all possible outcomes

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ANNEXURE II: RATING LETTER, RATING RATIONALE AND PRESS RELEASE FROM THE RATING AGENCY

CRISIL PPMLD AA- r /Stable

Ratings

CONFIDENTIAL

CRISIL

An S&P Global Company

 RL/ELTIF/304286/LTPPMLD/1022/45152/126640822
 October 21, 2022

Mr. L. Muralidharan
 Chief Financial Officer
Belstar Microfinance Limited
 No 33, Old No 14, 48th Street,
 9th Avenue,
 Ashok Nagar,
 Chennai - 600083
 9789989570



Dear Mr. L. Muralidharan,

Re: CRISIL Rating on the Rs.300 Crore Long Term Principal Protected Market Linked Debentures of Belstar Microfinance Limited

We refer to your request for a rating for the captioned Debt instrument.

CRISIL Ratings has, after due consideration, assigned a CRISIL PPMLD AA- r /Stable (pronounced as CRISIL PPMLD double A minus r rating with Stable outlook) rating to the captioned Debt instrument. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

A prefix of 'PP-MLD' indicates that the instrument is a principal-protected market-linked debenture. The terms of such instruments indicate that while the issuer promises to pay back the face value/principal of the instrument, the coupon rates of these instruments will not be fixed, and could be linked to one or more external variables such as commodity prices, equity share prices, indices, or foreign exchange rates. A suffix of 'r' indicates investments carrying non-credit risk. The 'r' suffix indicates that payments on the rated instrument have significant risks other than credit risk. The terms of the instrument specify that the payments to investors will not be fixed, and could be linked to one or more external variables such as commodity prices, equity indices, or foreign exchange rates. This could result in variability in payments, including possible material loss of principal, because of adverse movement in value of the external variables. The risk of such adverse movement in price/value is not addressed by the rating.

Further, in view of your decision to accept the CRISIL Ratings, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Prashant Pratap Mane
 Associate Director - CRISIL Ratings

Nivedita Shibu
 Associate Director - CRISIL Ratings



Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument, it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratings@crisil.com or at 1800-267-1301.

CRISIL Ratings Limited
 (A subsidiary of CRISIL Limited)
 Corporate Identity Number: U67100MH2019PLC326247

Registered Office: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400076. Phone: +91 22 3342 3000 | Fax: +91 22 3342 3001
www.crisilratings.com

Ratings



Details of the Rs.300 Crore Long Term Principal Protected Market Linked Debentures of Belstar Microfinance Limited

	1st tranche		2nd tranche		3rd tranche	
Instrument Series:						
Amount Placed:						
Maturity Period:						
Put or Call Options (if any):						
Coupon Rate:						
Interest Payment Dates:						
Principal Repayment Details:	Date	Amount	Date	Amount	Date	Amount
Investors:						
Trustees:						

In case there is an offer document for the captioned Debt issue, please send us a copy of it.

Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratings@crisil.com or at 1800-267-1301.

CRISIL Ratings Limited
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Rating Rationale



Rating Rationale

October 21, 2022 | Mumbai

Belstar Microfinance Limited

'CRISIL PPMLD AA- r/Stable' assigned to Long Term Principal Protected Market Linked Debentures

Rating Action

Total Bank Loan Facilities Rated	Rs.3100 Crore
Long Term Rating	CRISIL AA-/Stable (Reaffirmed)

Rs.300 Crore Long Term Principal Protected Market Linked Debentures	CRISIL PPMLD AA- r /Stable (Assigned)
Rs.125 Crore Long Term Principal Protected Market Linked Debentures	CRISIL PPMLD AA- r /Stable (Reaffirmed)
Rs.500 Crore Non Convertible Debentures	CRISIL AA-/Stable (Reaffirmed)

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

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Rating Rationale

Detailed Rationale

CRISIL Ratings has assigned its '**CRISIL PPMLD AA- r /Stable**' ratings to the Rs 300 crore Principal Protected Market Linked Debentures and reaffirmed the '**CRISIL AA-/CRISIL PPMLD AA- r /Stable**' rating on the long-term bank facilities and debt instrument of Belstar Microfinance Limited (Belstar).

The ratings centrally factor in the strong articulation of financial support to Belstar from its parent, Muthoot Finance Ltd (Muthoot Finance; '**CRISIL AA+/Stable/CRISIL A1+**'), because of its strategic importance to the parent. The ratings also factor in the adequate capitalisation and earnings of Belstar and benefits of operational support from the Hand in Hand group. These strengths are partially offset by geographical concentration in portfolio, moderation in asset quality and susceptibility of the microfinance sector to regulatory and legislative risks.

As on March 31, 2022, assets under management (AUM) stood at Rs 4,365 crore from Rs 2,631 crore as of March 31, 2020, registering a two-year growth of 29%. The business momentum was affected in the first quarter of fiscal 2022 on account of the second wave, which led to lower disbursements. Nevertheless, from July 2021 onwards, disbursement revived to average of over Rs 364 crore monthly basis. Consequently, company's AUM increased to around Rs 4,696 crore as of June 30, 2022.

Belstar capital position remains adequate, supported by capital infusion of Rs 275 crore capital infusion from Arum holdings, Muthoot Finance and MAJ Invest in fiscal 2022. Further, in first quarter fiscal 2023, the company received capital of Rs 110 crore from Augusta Investments Zero PTE Ltd and Arum holdings. With this infusion, networth stood at Rs 978 crore and adjusted gearing at 4.8 times as of June 2022 as compared to 6.2 times in March 2021.

In term of collection efficiency (including overdues but excluding prepayments), it had dropped to 72.6% in May 2021 because of the impact of the pandemic. However, improvement was visible from July 2021 onwards with collection efficiency increasing to over 90% on monthly basis. Nevertheless, ability to continue to improve overall collections (besides healthy collections from incremental disbursements) and eventually reach pre-pandemic level on a steady-state basis will remain a key monitorable.

As far as asset quality is concerned, the 90+ days past due (dpd) has deteriorated at 8.1% in June 2022 as compared to 5.8% in March 2022 (2.9% in March 2021). The rise in slippages is primarily due to the restructured portfolio as majority of the restructured book saw billing cycle start from Q4 2022 which has resulted in the rise in 90+ dpd during Q1 2023. Nevertheless, company continued with higher provisioning and made additional provisions of Rs 37.6 crore during Q1 fiscal 2023 and carry Rs 261 crore of total provisioning as of Q1 2023. Consequently, the net NPA has increased to 3.88% as on June 30, 2022 as compared to 2.32% as on March 31, 2022.

While the outstanding restructured portfolio (under RBI Resolution framework 2.0) as on June 30, 2022 stood at Rs 314 crore (6.6% of the total portfolio), with company having made adequate provisions, company is well placed to cover any further asset quality challenges arising from the restructured book. Company is expected to do writeoffs of around Rs 100 crore in fiscal 2023 which will further reduce its 90+ dpd by March 2023. Nevertheless, the ability to manage asset quality and maintain healthy collections across buckets including restructured portfolio will remain key monitorable.

Analytical Approach

CRISIL Ratings has assessed the standalone financial and business risk profiles of Belstar and has factored in its strategic importance to, and the strong financial support expected from, Muthoot Finance.

Key Rating Drivers & Detailed Description**Strengths:**

- **Strategic importance to, and expectation of continued financial support from, the parent**

Muthoot Finance will likely continue to support Belstar both on an ongoing basis and during distress, given its majority ownership and presence on the board of directors of Belstar, and the strategic importance of the latter to the group. The microfinance business helps diversify the financial product suite of the parent. The business is established and growing at a healthy pace, and formed ~7% of the group AUM as on June 30, 2022. Also, the business is scalable and expected to grow steadily over the medium term. Muthoot Finance has infused Rs 211.83 crore in Belstar till date. While Belstar does not have a common branding with the Muthoot group, it carries a tagline as part of its name to clearly state that it is a subsidiary of Muthoot Finance. The Muthoot group has a strong presence on the board of Belstar through Mr George Alexander (son of the managing director of Muthoot Finance), Mr George M Jacob (son of the joint managing director of Muthoot Finance) and Mr K R Bijimon (key management person).

- **Adequate capital position**

Networth was Rs 978 crore and adjusted gearing (including securitisation) 4.8 times, as on June 30, 2022 (gearing was 6.2 times as on March 31, 2021). The company has received Rs 275 crore in March 2022 from Arum holdings, Muthoot Finance and MAJ Invest. Further, in first quarter fiscal 2023, the company received capital of Rs 110 crore from Augusta Investments Zero PTE Ltd and Arum holdings. With this infusion, networth improved to Rs 978 crore and adjusted gearing at 4.8 times as of June 2022 as compared to 6.2 times in March 2021. Gearing should be around 6 times on a steady state basis over the medium term.

On account of the gap between current and pre-Covid collection levels, there is a risk of increase in credit losses and its potential impact on capitalisation metrics. Ability to ramp up internal accretion so that the company can sustain capital position and keep adjusted gearing within the targeted cap while sustaining growth shall remain a key monitorable. Nevertheless, Belstar should remain adequately capitalised over the medium term on the back of the strong financial flexibility of the Muthoot group to infuse equity, both for growth as well as in times of distress.

- **Above-average earnings, albeit moderated on account of higher provisioning to combat the pandemic**

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Rating Rationale

Belstar has adequate earnings backed by moderate operating and credit costs. Operating cost (5-5.5% for the past three fiscals) is lower compared with other microfinance institutions (MFIs) due to its branch-based collection model. Credit cost also has been low historically at 0.2-1.3%. Return on managed assets (RoMA) stood at 3.6% in fiscal 2019 and 3.5% in 2020. However, in fiscal 2021, net profit fell to Rs 47 crore from Rs 99 crore in fiscal 2020, primarily due to higher provisioning of Rs 81 crore to account for contingencies arising from delinquencies. Consequently, RoMA stood at 1.3% for fiscal 2021. However, pre-provisioning profit stood at Rs 138 crore in fiscal 2021 against Rs 156 crore in fiscal 2020. Similarly, in fiscal 2022, the company reported pre-provisioning profit of Rs 206 crore and provisioning of Rs 150 crore, which led to profit after tax of Rs 45 crore and RoMA of 1.0%. In Q1 2023, company reported PAT of Rs 14 crore and RoMA of 1.0% (annualized). Given the current stress on asset quality especially from the older book, the time frame within which Belstar is able to bring credit costs back to pre-pandemic level will be a key rating sensitivity factor.

Weaknesses:

• **Geographical concentration of portfolio**

Tamil Nadu accounts for a large proportion of the portfolio, though its share has reduced to 45.6% as on March 31, 2022, from 72% as on September 30, 2018. The high geographical concentration is mainly on account of association with the Hand in Hand group, which has a strong presence in the state. More importantly, 15.2% of the loan book is concentrated in three districts and 25.3% in six districts, all of which are located contiguously. The AUM in the top three districts is around 129% of the network. The concentration, especially in contiguous districts, is higher compared with other MFIs rated by CRISIL Ratings. This increases susceptibility to local socio-political risks inherent in the microfinance business. Nevertheless, the strong local presence of the Hand in Hand group in these districts might be a mitigant.

Belstar is focusing on other states to drive incremental growth and reduce the share of Tamil Nadu. Amidst fast growth in the portfolio, efforts to reduce concentration and establish presence in new geographies will be key monitorables.

• **Moderation in asset quality**

The 90+ dpd was around 1% and the 30+ dpd was 1.4-1.7% for the past three fiscals. Their portfolio was Rs 453 crore as of December 2016, with more than 75% in Tamil Nadu that was relatively less impacted by demonetisation in November 2016. Additionally, the self-help group (SHG) model has helped as it involves inculcation of a savings habit among members before disbursement. Moreover, the company has taken steps through adoption of technology such as usage of tablets and 100% NEFT disbursements to reduce instances of employee fraud.

However, over the last two years asset quality has weakened owing to the pandemic. The 30+ dpd and 90+ dpd stood 4.0% and 2.9%, respectively, as of March 2021. Furthermore, the asset quality of the industry at large and that of Belstar was impacted by the second wave. The 30+ and 90+ dpd of the company rose to 10.5% and 8.1% respectively in June 2022 as compared to 9.1% and 5.8%, respectively, as on March 31, 2022. The rise in slippages is primarily due to the restructured portfolio as majority of the restructured book saw billing cycle start from Q4 2022 which has resulted in the rise in 90+ dpd during Q1 2023. Nevertheless, company continued with higher provisioning and made provisions of Rs 37.6 crore during Q1 fiscal 2023 and carry Rs 261 crore of total provisioning as of Q1 2023. Consequently, the net NPA has increased to 3.88% as on June 30, 2022 as compared to 2.32% as on March 31, 2022.

As the current economic challenges and Covid-19 affliction curve have not yet normalised, the ability of the company to further improve collections to pre-Covid levels of over 99% on a steady state basis will be important in the coming months. Furthermore, considering the growth in loan portfolio, ability to commensurate asset quality performance will be a key monitorable. After the first wave of Covid-19, Belstar started disbursing from July 2020 onwards, with overall disbursements at Rs 2,434 crore in fiscal 2021 (Rs 1,063 crore of disbursement in the fourth quarter itself). In fiscal 2022, the company has disbursed Rs 3,546 crore of loans. Sustainability of collections and impact of the pandemic on asset quality will also be key monitorables.

• **Susceptibility to regulatory and legislative risks associated with the microfinance sector**

The microfinance sector has witnessed two major disruptive events in the past decade. The first was the crisis promulgated by the ordinance passed by the Government of Andhra Pradesh in 2010 and the second was demonetisation in 2016. In addition, the sector has faced issues of varying intensity in several geographies. Promulgation of the ordinance on MFIs by the Government of Andhra Pradesh in 2010 demonstrated their vulnerability to regulatory and legislative risks. The ordinance triggered a chain of events that adversely affected the business models of MFIs by impairing their growth, asset quality, profitability and solvency. Similarly, the sector witnessed high level of delinquencies post-demonetisation and the subsequent socio-political events. The microfinance sector remains susceptible to regional issues such as elections, natural calamities and borrower protests, which may result in momentary spurt in delinquencies. This indicates the fragility of the business to external risks. As the business involves lending to the poor and downtrodden sections of society, MFIs will remain exposed to socially sensitive factors, including high interest rates, tighter regulations and legislations.

Liquidity: Strong

Cash and equivalent, including liquid investments, stood at Rs 588 crore as on September 30, 2022. It has debt obligation of Rs 316 crore (including operating expense and excluding PTC/DA over the two months through November 2022). Liquidity is supported by steady monthly collection of over Rs 300 crore (excluding prepayments) in the past 2-3 months, which was adequate to meet monthly debt obligation and operating expenses. Belstar has liquidity cover (assuming nil collections and excluding PTC/DA payments) of 1.6 times for two months. Liquidity is cushioned by Rs 1,346 crore sanctioned by various financial institutions, which has not been utilised yet. CRISIL Ratings understands Muthoot Finance will provide funding support to ensure timely servicing of debt.

Outlook: Stable

The outlook on Belstar reflects the outlook on its parent, Muthoot Finance. CRISIL Ratings believes Belstar will continue to receive strong operational, financial and managerial support from Muthoot Finance and maintain adequate capitalisation

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Rating Rationale

and healthy earnings over the medium term

Rating Sensitivity factors**Upward factors**

- Upward revision in the rating on Muthoot Finance or change in the company name to reflect stronger association with the parent
- Improvement in earnings with RoMA of over 2.5% on steady-state basis
- Significant geographical diversification while maintaining asset quality

Downward factors

- Downward revision in the rating on Muthoot Finance or change in the support philosophy of the parent
- Increase in steady-state adjusted gearing to over 6 times
- Weakening earnings due to deterioration in asset quality

About the Company

Belstar was incorporated in January 1988 in Bengaluru. It obtained a non-banking financial company (NBFC) licence from the RBI in March 2001 and was reclassified as an NBFC-MFI in 2013. The company was acquired by the Hand in Hand group, a non-governmental organisation, in September 2008. Muthoot Finance, the largest gold loan NBFC in the country, made an equity investment in Belstar in 2016 and held stake of 60.7% as on March 31, 2022. Belstar had a portfolio of Rs 4,696 crore as on June 30, 2022, with operations in 18 states and 170 districts. Under the SHG model, it has groups of 10-20 people and an average ticket size of Rs 45,000, and in the joint liability group model, it has groups of 4-10 people and an average ticket size of Rs 25,000.

Key Financial Indicators

Particulars	Unit	Q1 2023	FY 2022	FY 2021	FY 2020	FY 2019
Total assets	Rs crore	4,638	4,560	3,467	2,519	2044
Total income	Rs crore	210	728	553	501	368
Profit after tax	Rs crore	14	45	47	99	73
Gross NPAs (90+ dpd)	%	8.1	5.8	2.9	1.1	1.0
Gearing	Times	3.6	4.2	5.4	4.0	4.0
Adjusted gearing	Times	4.8	5.4	6.4	5.1	5.5
Return on assets	%	1.0*	1.0	1.3	3.5	3.6

Note: *annualised

Any other information: Not applicable**Note on complexity levels of the rated instrument:**

CRISIL Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities – including those that are yet to be placed – based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings' complexity levels please visit www.crisil.com/complexity-levels. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Complexity Level	Rating assigned with outlook
NA	Long Term Principal Protected Market Linked*	NA	NA	NA	300	Highly Simple	CRISIL PPMLD AA- r /Stable
NA	Non-convertible debentures*	NA	NA	NA	500	Simple	CRISIL AA-/Stable
INE443L07158	Long Term Principal Protected Market Linked	28- Feb -22	GSEC LINKED	28-Feb-24	125	Highly Simple	CRISIL PPMLD AA- r /Stable
NA	Term loan	NA	NA	22-Jun-22	5.90	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	21-Dec-23	220.50	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	26-Aug-23	26.73	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	30-Sep-22	4.99	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	31-Aug-23	22.50	NA	CRISIL AA-/Stable

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NA	Term loan	NA	NA	28-Dec-23	193.86	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	26-Jun-22	7.16	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	01-Sep-23	46.36	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	30-Apr-24	25.00	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	23-Mar-25	58.19	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	05-May-22	1.83	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	20-Dec-22	16.90	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	01-Dec-23	97.50	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	01-Sep-23	41.66	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	27-Nov-23	296.86	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	21-Jun-22	96.16	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	30-Apr-22	109.00	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	22-Mar-24	133.14	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	31-Mar-23	44.05	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	22-Sep-22	10.00	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	10-Mar-25	54.99	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	31-Dec-22	5.00	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	10-Jan-24	116.24	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	10-Jun-22	6.00	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	04-Jun-23	9.29	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	12-Mar-25	48.32	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	26-Oct-22	7.14	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	04-Mar-23	275.00	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	31-Mar-23	30.37	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	31-Dec-24	91.65	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	20-Jul-23	92.87	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	05-May-24	78.74	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	31-Mar-22	185.60	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	30-Sep-22	45.00	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	03-Feb-22	174.11	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	29-Sep-23	37.44	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	30-Nov-24	108.30	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	31-Jan-24	27.50	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	17-Dec-24	22.90	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	27-Nov-23	24.99	NA	CRISIL AA-/Stable

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NA	Term loan	NA	NA	12-Mar-24	69.99	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	01-Feb-23	37.50	NA	CRISIL AA-/Stable
NA	Term loan	NA	NA	13-Jul-23	31.36	NA	CRISIL AA-/Stable
NA	Cash credit	NA	NA	NA	20	NA	CRISIL AA-/Stable
NA	Proposed long-term bank loan facility	NA	NA	NA	41.41	NA	CRISIL AA-/Stable

*Yet to be issued

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2022 (History)		2021		2020		2019		Start of 2019
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	
Fund Based Facilities	LT	3100.0	CRISIL AA-/Stable	11-06-22	CRISIL AA-/Stable	22-06-21	CRISIL AA-/Stable	30-04-20	CRISIL A+/Positive	27-03-19	CRISIL A+/Stable	Withdrawn
			—	02-03-22	CRISIL AA-/Stable	07-06-21	CRISIL AA-/Stable	18-03-20	CRISIL A+/Positive		—	—
			—	24-02-22	CRISIL AA-/Stable	15-02-21	CRISIL AA-/Stable	06-03-20	CRISIL A+/Positive		—	—
			—		—		—	27-02-20	CRISIL A+/Positive		—	—
			—		—		—	07-02-20	CRISIL A+/Positive		—	—
			—		—		—	08-01-20	CRISIL A+/Stable		—	—
Non Convertible Debentures	LT	500.0	CRISIL AA-/Stable	11-06-22	CRISIL AA-/Stable	22-06-21	CRISIL AA-/Stable	30-04-20	CRISIL A+/Positive		—	—
			—	02-03-22	CRISIL AA-/Stable	07-06-21	CRISIL AA-/Stable		—		—	—
			—	24-02-22	CRISIL AA-/Stable	15-02-21	CRISIL AA-/Stable		—		—	—
Long Term Principal Protected Market Linked Debentures	LT	425.0	CRISIL PPMLD AA-r /Stable	11-06-22	CRISIL PPMLD AA-r /Stable		—		—		—	—
			—	02-03-22	CRISIL PPMLD AA-r /Stable		—		—		—	—
			—	24-02-22	CRISIL PPMLD AA-r /Stable		—		—		—	—

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit	10	State Bank of India	CRISIL AA-/Stable
Cash Credit	10	YES Bank Limited	CRISIL AA-/Stable
Proposed Long Term Bank Loan Facility	9.4	Not Applicable	CRISIL AA-/Stable
Proposed Long Term Bank Loan Facility	32.01	Not Applicable	CRISIL AA-/Stable
Term Loan	54.99	The Karnataka Bank Limited	CRISIL AA-/Stable
Term Loan	91.65	Punjab National Bank	CRISIL AA-/Stable
Term Loan	25	DCB Bank Limited	CRISIL AA-/Stable
Term Loan	97.5	HDFC Bank Limited	CRISIL AA-/Stable
Term Loan	24.99	Utkarsh Small Finance Bank Limited	CRISIL AA-/Stable
Term Loan	220.5	Axis Bank Limited	CRISIL AA-/Stable
Term Loan	5.9	Aditya Birla Finance	CRISIL AA-/Stable

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		Limited	
Term Loan	10	Indian Overseas Bank	CRISIL AA-/Stable
Term Loan	26.73	Bajaj Finance Limited	CRISIL AA-/Stable
Term Loan	4.99	Bandhan Bank Limited	CRISIL AA-/Stable
Term Loan	22.5	Bank of Bahrain and Kuwait B.S.C.	CRISIL AA-/Stable
Term Loan	193.86	Bank of Baroda	CRISIL AA-/Stable
Term Loan	7.16	CSB Bank Limited	CRISIL AA-/Stable
Term Loan	46.36	DBS Bank India Limited	CRISIL AA-/Stable
Term Loan	58.19	Dhanlaxmi Bank Limited	CRISIL AA-/Stable
Term Loan	1.83	Equitas Small Finance Bank Limited	CRISIL AA-/Stable
Term Loan	16.9	Hero FinCorp Limited	CRISIL AA-/Stable
Term Loan	41.66	The Hongkong and Shanghai Banking Corporation Limited	CRISIL AA-/Stable
Term Loan	296.86	ICICI Bank Limited	CRISIL AA-/Stable
Term Loan	96.16	IDBI Bank Limited	CRISIL AA-/Stable
Term Loan	109	IDFC FIRST Bank Limited	CRISIL AA-/Stable
Term Loan	133.14	Indian Bank	CRISIL AA-/Stable
Term Loan	44.05	IndusInd Bank Limited	CRISIL AA-/Stable
Term Loan	5	The Karur Vysya Bank Limited	CRISIL AA-/Stable
Term Loan	116.24	Kotak Mahindra Bank Limited	CRISIL AA-/Stable
Term Loan	6	Micro Units Development and Refinance Agency Limited	CRISIL AA-/Stable
Term Loan	9.29	Muthoot Insurance Brokers Private Limited	CRISIL AA-/Stable
Term Loan	48.32	Nabkisan Finance Limited	CRISIL AA-/Stable
Term Loan	7.14	Nabsamruddhi Finance Limited	CRISIL AA-/Stable
Term Loan	275	National Bank For Agriculture and Rural Development	CRISIL AA-/Stable
Term Loan	30.37	Oriental Bank of Commerce	CRISIL AA-/Stable
Term Loan	92.87	RBL Bank Limited	CRISIL AA-/Stable
Term Loan	78.74	SBM Bank (India) Limited	CRISIL AA-/Stable
Term Loan	185.6	Small Industries Development Bank of India	CRISIL AA-/Stable
Term Loan	45	Standard Chartered Bank Limited	CRISIL AA-/Stable
Term Loan	174.11	State Bank of India	CRISIL AA-/Stable
Term Loan	37.44	The Federal Bank Limited	CRISIL AA-/Stable
Term Loan	108.3	UCO Bank	CRISIL AA-/Stable
Term Loan	27.5	Ujjivan Small Finance Bank Limited	CRISIL AA-/Stable
Term Loan	22.9	Union Bank of India	CRISIL AA-/Stable
Term Loan	69.99	Woori Bank	CRISIL AA-/Stable
Term Loan	37.5	YES Bank Limited	CRISIL AA-/Stable
Term Loan	31.36	Tata Capital Financial Services Limited	CRISIL AA-/Stable

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Rating Rationale

*This Annexure has been updated on 21-Oct-22 in line with the lender-wise facility details as on 02-Mar-22 received from the rated entity.***Criteria Details**

Links to related criteria		
CRISILs Bank Loan Ratings - process, scale and default recognition		
Rating Criteria for Finance Companies		
Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support		
Media Relations	Analytical Contacts	Customer Service Helpdesk
Aveek Datta Media Relations CRISIL Limited M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com	Krishnan Sitaraman Senior Director and Deputy Chief Ratings Officer CRISIL Ratings Limited D: +91 22 3342 8070 krishnan.sitaraman@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com
Prakruti Jani Media Relations CRISIL Limited M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com	Ajit Velonie Director CRISIL Ratings Limited D: +91 22 4097 8209 ajit.velonie@crisil.com	
Rutuja Galkwad Media Relations CRISIL Limited B: +91 22 3342 3000 Rutuja.Galkwad@ext-crisil.com	Abhishek Narang Manager CRISIL Ratings Limited B: +91 22 3342 3000 abhishek.narang@crisil.com	

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

10/23/22, 9:24 PM

Rating Rationale

Note for Media:

https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/BelstarMicrofinanceLimited_October 21, 2022_RR_304286.html

9/11

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10/23/22, 9:24 PM

Rating Rationale

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About CRISIL Limited

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ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE**IDBI Trusteeship Services Ltd**

CIN : U65991MH2001GOI131154



No. 50420/ITSL/OPR/CL/22-23/DEB/718

October 25, 2022

To,

Belstar Microfinance Limited (Formerly Belstar Microfinance Private Limited)MV Square, No. 4/14, Soundarapandian Street,
Ashok Nagar, Chennai-600 083**Kind Attn: Mr. Sunil Kumar Sahu**

Dear Sir,

Subject: Consent to act as Debenture Trustee for the Rated, Listed, Secured, Redeemable, Principal protected Non-Convertible Market Linked Debentures (MLDs) aggregating up to INR 250,00,00,000/- (Indian Rupees Two Hundred and Fifty Crores only) with a green shoe option up to INR 50,00,00,000/- (Indian Rupees Fifty Crores only) proposed to be issued Belstar Microfinance Ltd (the Company/Issuer).

This is with reference to your email dated October 19, 2022 and subsequent telecom we had regarding appointment of IDBI Trusteeship Services Limited as Debenture Trustee for the proposed Rated, Listed, Secured, Redeemable, Non-Convertible Market Linked Debentures (MLD's) aggregating up to INR 250,00,00,000/- (Indian Rupees Two Hundred and Fifty Crores only) with a green shoe option up to INR 50,00,00,000/- (Indian Rupees Fifty Crores only). In this connection, we indicate our trusteeship remuneration for the said assignment as follows:

Charge Heads	Terms
Acceptance Fees	Rs.1,75,000/- plus applicable taxes (One-time payment and payable upfront, non-refundable)
Service Charges	Rs.2,65,000/- p.a. plus applicable taxes. First such payment would become payable in on the date of execution (DoE) for the pro-rata period from DoE till March 31, 2023; thereafter the Service Charges are payable on an annual basis in advance on 1st April every year till the redemption and satisfaction of charges in full.
Delayed Payment charges	In case the payment of service charges is not received within a period of 30 days from the date of the bill, ITSL reserves the right to charge 'delayed payment charges' @ 12% p.a. on the outstanding amount.
Out of Pocket Expenses & Statutory Dues	Would be reimbursable on actual basis within 30 days of the claim.
Validity:	This consent is valid for a period of 6 months from the date of this letter and in the event of the issue not being placed or in the event of any increase in the size of the issue or any structural change, a fresh letter of revalidation from the Trustees will be necessary and earlier consent letter would stand ipso facto/automatically withdrawn/revoked without any further communication/reference to you.
Any enforcement consequent to the event of default (EOD) would attract separate charges	



Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

IDBI Trusteeship Services Ltd
CIN : U65991MH2001GOI131154



Assure you of our best services at all times.

We accept the above terms

Yours Faithfully,

IDBI Trusteeship Services Limited



Authorized Signatory

for Belstar Microfinance Limited



(Authorized Signatory)

(Authorized Signatory)

NOTE: *As per recent Service Tax guidelines, ITSIL would be required to pay the applicable Tax on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.*

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

IDBI Trusteeship Services Ltd

CIN : U65991MH2001GOI131154



No. 50420/ITSL/OPR/CL/22-23/DEB/718

October 25, 2022

To,

Belstar Microfinance Limited (Formerly Belstar Microfinance Private Limited)MV Square, No. 4/14, Soundarapandian Street,
Ashok Nagar, Chennai-600 083**Kind Attn: Mr. Sunil Kumar Sahu**

Dear Sir,

Subject: Consent to act as Debenture Trustee for the Rated, Listed, Secured, Redeemable, Principal protected Non-Convertible Market Linked Debentures (MLDs) aggregating up to INR 250,00,00,000/- (Indian Rupees Two Hundred and Fifty Crores only) with a green shoe option up to INR 50,00,00,000/- (Indian Rupees Fifty Crores only proposed to be issued Belstar Microfinance Ltd (the Company/Issuer).

This is with reference to your email dated October 19, 2022 and subsequent telecom we had regarding appointment of IDBI Trusteeship Services Limited as Debenture Trustee for the proposed Rated, Listed, Secured, Redeemable, Non-Convertible Market Linked Debentures (MLD's) aggregating up to INR 250,00,00,000/- (Indian Rupees Two Hundred and Fifty Crores only) with a green shoe option up to INR 50,00,00,000/- (Indian Rupees Fifty Crores only).

We are agreeable for inclusion of our name as trustee in the offer document/disclosure document as required subject to the following conditions:

1. The Company shall enter into Written Debenture Trustee Agreement (DTA) for the said issue before the opening of Subscription list for issue of debentures.
2. The Company agrees and undertakes to create the securities over such of its immovable and moveable properties and on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document and execute, the Debenture Trust Deed (DTD) and other necessary security documents for each series of debentures as approved by the Debenture Trustee, within a period as agreed by us in the Information Memorandum or Disclosure Document in any case not exceeding Ninety days after the date of allotment of debentures.
3. The Company agrees & undertakes to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as stated above for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.
4. The Company agrees & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Issuance of Non-Convertible Debentures (Reserve Bank) Directions, 2010, the Companies Act, 1956/the Companies Act, 2013 and the Rules thereunder as amended from time to time and

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

IDBI Trusteeship Services Ltd

CIN : U65991MH2001GOI131154



other applicable provisions and agree to furnish to Trustees such information in terms the same on regular basis.



5. Any payment in respect of Debentures required to be made by the Debenture Trustee to a Debenture Holder (who is a FII Entity) at the time of enforcement would, if required by applicable law, be subject to the prior approval of RBI for such remittance through an Authorized Dealer. The Company/Investor shall obtain all such approvals, if required, to ensure prompt and timely payments to the said Debenture Holder. Such remittance shall not exceed total investment (and interest provided for herein) made by the Debenture Holder (who is a FII).

Looking forward to a fruitful association with you and assuring you of our best services at all times.

We accept the above terms

Yours Faithfully,

IDBI Trusteeship Services Limited



[Signature]

Authorized Signatory

(Authorized Signatory)

for Belstar Microfinance Limited

[Signature]



(Authorized Signatory)

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

ANNEXURE IV: APPLICATION FORM**BELSTAR MICROFINANCE LIMITED**

A public limited company incorporated under the Companies Act, 1956

Date of Incorporation: January 11, 1988**Registered Office:** No 33, 48th Street, 9th Avenue, Ashok Nagar, Chennai- 600083**Telephone No.:** 044-43414567**Website:** Belstar.in**DEBENTURE SERIES APPLICATION FORM SERIAL NO.**

ISSUE OF 3,000 (THREE THOUSAND) RATED, SENIOR, SECURED, LISTED, TRANSFERABLE, REDEEMABLE, PRINCIPAL PROTECTED MARKET LINKED NON-CONVERTIBLE DEBENTURES DENOMINATED IN INDIAN RUPEES ("INR"), EACH HAVING A FACE VALUE OF INR 10,00,000 (INDIAN RUPEES TEN LAKH) AND AN AGGREGATE FACE VALUE OF INR 300,00,00,000 (INDIAN RUPEES THREE HUNDRED CRORE) INCLUSIVE OF A GREEN SHOE OPTION OF 500 (FIVE HUNDRED) RATED, SENIOR, SECURED, LISTED, TRANSFERABLE, REDEEMABLE, PRINCIPAL PROTECTED MARKET LINKED NON-CONVERTIBLE DEBENTURES DENOMINATED IN INR, EACH HAVING A FACE VALUE OF INR 10,00,000 (INDIAN RUPEES TEN LAKH) AND AN AGGREGATE FACE VALUE OF INR 50,00,00,000 (INDIAN RUPEES FIFTY CRORE) ("DEBENTURES") ON A PRIVATE PLACEMENT BASIS (THE "ISSUE").

DEBENTURE SERIES APPLIED FOR:

Number of Debentures: _____ In words: _____ only

Amount INR _____ /- In words

Rupees: _____ only

DETAILS OF PAYMENT:

Cheque / Demand Draft / RTGS

No. _____ Drawn on _____

Funds transferred to the account specified in "Instructions" below on _____

Total Amount Enclosed

(In Figures) INR _____ /- (In words) _____ Only

APPLICANT'S NAME IN FULL (CAPITALS)**SPECIMEN SIGNATURE**

--	--

APPLICANT'S ADDRESS

ADDRESS					
STREET					
CITY					
PIN		PHONE		FAX	

APPLICANT'S PAN/GIR NO. _____ IT CIRCLE/WARD/DISTRICT _____

WE ARE () COMPANY () OTHERS (Please specify) _____

We have read and understood the terms and conditions of the issue of Debentures including the risk factors described in the enclosed Placement Memorandum ("PM") and the private placement offer cum application letter of the same date ("PPOA") issued by the Issuer (collectively, the "Debt Disclosure Documents") and

have considered these in making our decision to apply. We bind ourselves to the terms and conditions of the Debt Disclosure Documents and wish to apply for allotment of the Debentures. We request you to please place our name(s) on the register of holders.

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's Signature

We the undersigned, are agreeable to holding the Debentures of the Company in dematerialised form. Details of my/our Beneficial Owner Account are given below:

DEPOSITORY	NSDL () CDSL ()
DEPOSITORY PARTICIPANT NAME	
DP-ID	
BENEFICIARY ACCOUNT NUMBER	
NAME OF THE APPLICANT(S)	

Applicant Bank Account:	
(Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/other permitted mechanisms)	

FOR OFFICE USE ONLY	
DATE OF RECEIPT _____	DATE OF CLEARANCE _____

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the Debt Disclosure Documents is provided by the Issuer. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

We understand that: (i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, (ii) we must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, (iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

Applicant's Signature

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

FOR OFFICE USE ONLY
DATE OF RECEIPT _____ DATE OF CLEARANCE _____

(Note : Cheque and Drafts are subject to realisation)

------(TEAR HERE)-----

ACKNOWLEDGMENT SLIP

<i>(To be filled in by Applicant)</i> SERIAL NO.									
---	--	--	--	--	--	--	--	--	--

Received from _____

Address _____	
Cheque/Draft/UTR # _____	Drawn on _____ for
INR _____ on account of application of _____	Debenture

INSTRUCTIONS

1. Application form must be completed in full, IN ENGLISH.
2. Signatures must be made in English or in any of the Indian languages. Thumb Impressions must be attested by an authorized official of the Bank or by a Magistrate/Notary Public under his/her official seal.
3. Application form, duly completed in all respects, must be submitted with the respective Collecting Bankers. The payment can be made through electronic mode of transfer like RTGS/NEFT/direct credit as per the following details:

Beneficiary name	Belstar Microfinance Limited
Beneficiary account no.	40354198964
Branch address	State Bank of India, Krm Plaza, Ground Floor, No. 2, Harrington Road, Chetpet, Chennai – 600031
Beneficiary bank	State Bank of India
Account type	Share Application Money
IFSC code	SBIN0009930

The Company undertakes that the application money deposited in the above-mentioned bank account shall not be utilized for any purpose other than

- a) for adjustment against allotment of securities; or
 - b) for the repayment of monies where the company is unable to allot securities.
4. Outstation Cheques, Cash, Money Orders, Postal Orders and Stock Invest shall not be accepted.
 5. Receipt of applicants will be acknowledged by the Company in the "Acknowledgement Slip" appearing below the application form. No separate receipt will be issued.
 6. All applicants should mention their Permanent Account No. or their GIR No. allotted under Income Tax Act, 1961 and the Income Tax Circle/Ward/District. In case where neither the PAN nor the GIR No. has been allotted, the fact of non-allotment should be mentioned in the application form in the space provided. Income Tax as applicable will be deducted at source at the time of payment of interest including interest payable on application money.
 7. The application would be accepted as per the terms of the Debentures outlined in the transaction documents for the private placement.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE V: FINANCIAL STATEMENTS OF ALONG WITH AUDIT REPORTS, SCHEDULES, FOOTNOTES, SUMMARY ETC.

Attached separately.

ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS

Illustration of Bond Cash Flows	
Name of the Issuer	Belstar Microfinance Limited
Face Value (per security)	INR. 10,00,000 (Indian Rupees Ten Lakh)
Issue Date / Date of Allotment	Issue Opening Date: October 31, 2022 Deemed Date of Allotment: October 31, 2022
Date of Redemption	Redemption Date / Maturity Date: October 31, 2024
Tenure	Please refer Section 8.1 (<i>Summary Terms</i>).
Coupon Rate	Please refer Section 8.1 (<i>Summary Terms</i>). Please also see below.
Frequency of the Coupon Payment with specified dates	At maturity.
Day count convention	Actual/Actual

1. REDEMPTION SCHEDULE (PER DEBENTURE)***If the Annualized Interest Rate is 9.35% (XIRR)***

Cash Flows	Date for coupon/ redemption becoming due	Number of days	Amount per Debenture (in Rupees)
Interest Amounts	October 31, 2024	731	1,96,035
Principal	October 31, 2024	731	10,00,000
Total (Redemption Payment)			11,96,035

If the Annualized Interest Rate is 9.30% (XIRR)

Cash Flows	Date for coupon/ redemption becoming due	Number of days	Amount per Debenture (in Rupees)
Interest Amounts	October 31, 2024	731	1,94,940
Principal	October 31, 2024	731	10,00,000
Total (Redemption Payment)			11,94,940

If the Annualized Interest Rate is 0% (XIRR)

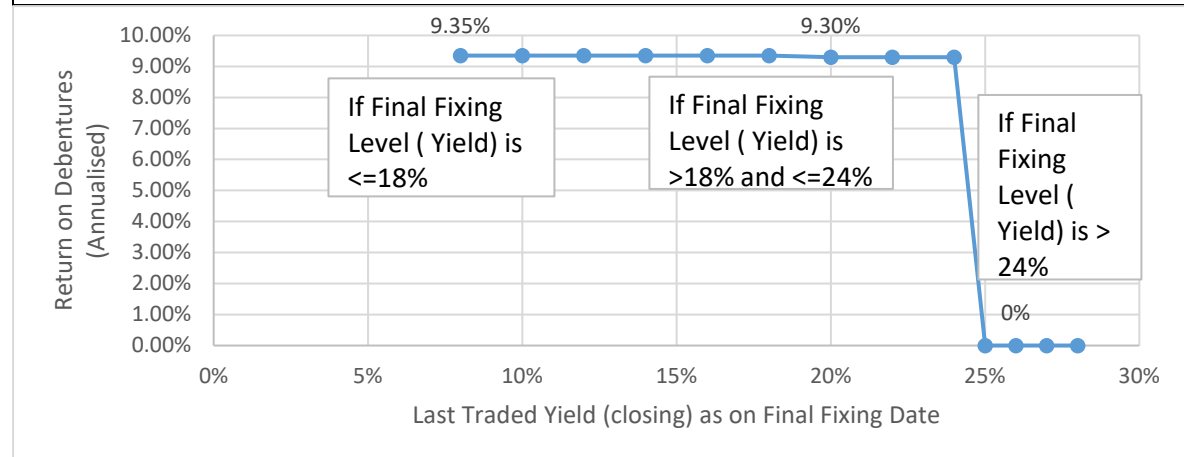
Cash Flows	Date for coupon/ redemption becoming due	Number of days	Amount per Debenture (in Rupees)
Interest Amounts	October 31, 2024	731	0
Principal	October 31, 2024	731	10,00,000
Total (Redemption Payment)			10,00,000

2. SCENARIO ANALYSIS/VALUATION MATRIX

Scenario Analysis: Tabular Representations

Yield of Underlying on Final Fixing Date	Face Value (INR)	Annualised Pre-Tax Return IRR	Maturity Value * (INR)
16%	10,00,000	9.35% XIRR	11,96,035
18%	10,00,000	9.35% XIRR	11,96,035
19%	10,00,000	9.30% XIRR	11,94,940
22%	10,00,000	9.30% XIRR	11,94,940
24%	10,00,000	9.30% XIRR	11,94,940
25%	10,00,000	0.00%	10,00,000

Note: This scenario analysis is being provided for illustrative purposes only. It does not represent all possible outcomes



ANNEXURE VII: BOARD RESOLUTION AND COMMITTEE RESOLUTION**BOARD RESOLUTION:**


BELSTAR MICROFINANCE LIMITED
A Subsidiary of Muthoot Finance Limited

Registered Office : No 33, 48th Street, 9th Avenue, Ashok Nagar, Chennai- 600083
Corporate office : M V Square, No 4/14, Soundarapandian Street, Ashok Nagar, Chennai- 600083
CIN: U06599TN1988PLC081652

+91-44-43414567/ 43414511 | www.belstar.in | bml@belstar.in

CERTIFIED TRUE COPY OF THE EXTRACT FROM THE MINUTES OF THE SEVENTH MEETING OF THE BOARD OF DIRECTORS OF BELSTAR MICROFINANCE ("THE COMPANY") ("THE COMPANY") HELD ON MONDAY, JANUARY 31, 2022, BETWEEN 2.00 P.M. AND 05.45 P.M. AT THE CORPORATE OFFICE M V SQUARE, NO 4/14, SOUNDARAPANDIAN STREET, ASHOK NAGAR, CHENNAI- 600083 THROUGH VIDEOCONFERENCING

Authorization to Issue Secured /Unsecured Non-Convertible Debentures up to Rs. 700 Crs. on Private placement basis

"RESOLVED THAT pursuant to the provisions of Sections 42, 71 and 179(3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company and pursuant to SEBI (Issue and Listing of Debt Securities) Regulations, 2015 and other applicable SEBI rules and regulations, and subject to the provision of relevant directions, rules and regulations issued by Reserve Bank of India and subject to the approval of the members at a General Meeting, the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include the Finance Committee constituted by the Board to exercise its powers including the powers conferred by this Resolution) be and is hereby authorised to issue, offer and allot secured/ unsecured listed/unlisted /perpetual / Principal protected market linked Non-Convertible Debentures ("Debentures") including but not limited to subordinated Debentures qualifying as Tier -II debt in terms of relevant RBI regulations up to an aggregate amount of Rs.700,00,00,000/- (Rupees Seven Hundred Crores only) to the eligible investors identified by the Board from time to time on a private placement basis in one or more tranches on the terms and conditions as the Board may deem fit wherever necessary, in consultation with lead manager(s), financial, advisor(s), underwriter(s), legal advisor(s) and/ or any other agency(ies) which the Board may deem fit and appropriate, however at any given point of time the aggregate limit of funds raised/ to be raised by the Company, including issue of Debentures shall not exceed the overall borrowing limits of the Company under Section 180(1)(c) of the Companies Act 2013."

"RESOLVED FURTHER THAT the Finance Committee of the Board of Directors of the Company be and is hereby authorised to:

- (i) to do all such acts, deeds and things as they may deem necessary or desirable in connection with the issue, offer and allotment of the Debentures.
- (ii) seeking, if required, any approval, consent or waiver from any/all concerned government and regulatory authorities, and/or any other approvals, consent or waivers that may be required in connection with the issue, offer and allotment of the Debentures;
- (iii) negotiate, approve of and decide the terms and conditions of the issue of Debentures including the offer schedule for each series of the Debentures;
- (iv) execute the term sheet;
- (v) finalize terms and conditions of the appointment of an arranger, a debenture trustee, a registrar and transfer agent, a credit rating agency, a depository and such other intermediaries as may be required to be appointed, including their successors and their agents;
- (vi) authorize the maintenance of a register of holders of the Debentures;
- (vii) make offer, issue the private placement offer letter for each series of Debentures and accept the



Continuation....

funding of the subscription amounts for each series of Debentures in accordance with the offer schedule prescribed in the Transaction Documents (defined below);

- (viii) finalize the date of allocation, date of each offer for each series of Debentures, and the deemed dates of allotment for each series of Debentures;
- (ix) negotiate, execute, file and deliver any documents, instruments, deeds, amendments, papers, applications, notices or letters as may be required in connection with the Issue and deal with regulatory authorities in connection with the Issue including but not limited to SEBI, Registrar of Companies, Ministry of Corporate Affairs, National Company Law Tribunal, and such other authorities as may be required;
- (x) setting up of the Debenture Redemption Reserve in accordance with the Companies Act, 2013 and rules made thereunder and other applicable laws;
- (xi) to generally do any other act or deed, to negotiate and execute any documents, applications, agreements, undertakings, deeds, affidavits, declarations and certificates and to give such directions as it deems fit or as may be necessary or desirable with regard to this Issue;
- (xii) to execute all documents, file forms with the Registrar of Companies,
- (xiii) obtain In principle Approval and final listing/trading approval from the stock exchange and obtain ISIN from the Depositories
- (xiv) sign and/or despatch all documents and notices to be signed and/or despatched by the Company under or in connection with the Transaction Documents;
- (xv) to take all steps and do all things and give such directions as may be required, necessary, expedient or desirable for giving effect to the Transaction Documents, the transactions contemplated therein and the resolutions mentioned herein;
- (xvi) buyback /reissue of NCDs so issued, before its maturity
- (xvii) including without limitation, approve, negotiate, sign, execute, amend, supplement and / or issue the following:
 - a) information memorandums and the private placement offer letters or the Issue (the **Disclosure Documents**)
 - b) the memorandum of understanding between the Company and the registrar and transfer agent;
 - c) debenture trust deed, debenture trustee agreement and any other document in relation thereto (collectively, the **Transaction Documents**);
 - d) any other documents required for the purposes of the Issue and the transactions contemplated thereby, including but not limited to letters of undertaking, declarations, agreements, reports; and
 - e) any other document designated as a transaction document by the debenture trustee.
- (xviii) do all acts necessary for the proposed listing of the Debentures in accordance with the terms set out in the Disclosure Documents and the Transaction Documents; and
- (xix) do all other acts, deeds and things as may be deemed necessary to give effect to the foregoing and the other terms of this resolution."

"RESOLVED FURTHER THAT the Finance Committee of the Board be and is hereby authorised to allot NCDs to the eligible investors/applicants to the NCDs, the categories of which are more specifically provided in the disclosure documents."

"RESOLVED FURTHER THAT Mr. L. Muralidharan, Chief Financial Officer, Mr. Ajeethdoss, General Manager, Finance and Mr. Sunil Kumar Sahu, Company Secretary (**Authorised Signatories**) be and are hereby authorised severally to sign and execute and deliver, on behalf of the Company, the disclosure documents, including the information memorandums and/or the private placement offer letters (PAS-4) in relation to the Issue as set out in this resolution and such other agreements, deeds, undertakings, indemnity and documents as may be required by the debenture trustee, or any of them in connection with the Debentures to be issued by the Company."



Continuation

"RESOLVED FURTHER THAT the above-mentioned Authorised Signatories be and are hereby severally authorized to register or lodge for registration upon execution documents, letter(s) of undertakings, declarations, and agreements and other papers or documents as may be required in relation to any of the above with any registering authority or governmental authority competent in that behalf."

/CERTIFIED TRUE COPY/

For Belstar Microfinance Limited



Sunil Kumar Sahu
Company Secretary
M: A39022

SVS Mansion Room No 55, New no-5, Irrussappa Street,
Icehouse, Triplicane, Chennai-600005

Date: 31.01.2022
Place: Chennai

COMMITTEE RESOLUTION:

	BELSTAR MICROFINANCE LIMITED <i>A Subsidiary of Muthoot Finance Limited</i>	Registered Office : No 33, 48th Street, 9th Avenue, Ashok Nagar, Chennai- 600083 Corporate office : M V Square, No 4/14, Soundarapandian Street, Ashok Nagar, Chennai- 600083 CIN: U06599TN1988PLC081652
	☎ +91-44-43414567/ 43414511 🌐 www.belstar.in ✉ bml@belstar.in	

CERTIFIED TRUE COPY OF THE EXTRACT FROM THE MINUTES OF THE FIFTH MEETING OF FINANCE COMMITTEE ("COMMITTEE") OF THE BOARD OF DIRECTORS OF BELSTAR MICROFINANCE ("COMPANY") FOR THE FINANCIAL YEAR 2022-23 HELD ON TUESDAY, OCTOBER 25, 2022, BETWEEN 10.00 A.M. AND 10.30 A.M. AT THE CORPORATE OFFICE M V SQUARE, NO 4/14, SOUNDARAPANDIAN STREET, ASHOK NAGAR, CHENNAI- 600083

TO APPROVE THE TERMS OF NON-CONVERTIBLE MARKET LINKED DEBENTURES

"RESOLVED THAT pursuant to the powers conferred upon the Committee in terms of the resolution of the Board of Directors of the Company dated January 31, 2022, and as approved by the Board of Directors of the Company by way of the aforementioned resolution and pursuant to the provisions of the Memorandum and Articles of Association of the Company, the applicable provisions of the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and any other rules made thereunder, including any statutory modifications or re-enactments thereof for the time being in force (the "Act"), the Foreign Exchange Management Act, 1999 (as amended from time to time), rules, regulations, guidelines, notifications, clarifications and circulars, if any, prescribed by the Government of India, all applicable regulations, directions, guidelines, circulars and notifications of the Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), including the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the SEBI circular bearing the reference number SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 on "Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper", each as amended, modified or restated from time to time, or any other regulatory authority, whether in India or abroad, and in accordance with the listing agreements entered into with the stock exchanges (the "Stock Exchanges") where the securities of the Company may be listed, and subject to approvals, consents, sanctions, permissions as may be required from any appropriate statutory and regulatory authorities, the approval of the Committee be and is hereby accorded :

- (a) for the offer and issue of 3,000 (three thousand) rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures denominated in Indian Rupees ("INR"), each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of INR 300,00,00,000 (Indian Rupees Three Hundred Crore) inclusive of a green shoe option of 500 (five hundred) rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures denominated in INR, each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of INR 50,00,00,000 (Indian Rupees Fifty Crore) or such other number, face value or amounts as may be determined by the Company ("Debentures" or "NCDs") on a private placement basis (the "Issue"), at a coupon rate linked to the yield of the 6.54% GS 2032, having ISIN IN0020210244 and maturing on January 17, 2032, as published by Financial Benchmarks India Private Limited (available at www.fbil.org.in) or such other reference index ("Reference Index") as may be agreed with the Investors (as defined below), wherein the annualised interest/coupon rate shall be determined on the basis of the yield of the Reference Index as on any date of determination in accordance with the Transaction Documents (as defined below) and in the manner prescribed in the Transaction Documents or such other interest/coupon rate as may be agreed, payable at redemption or at such other interest

periods as may be agreed, subject to deduction of taxes at source in accordance with applicable law, with or without gross up, and for a period of 24 (twenty four) months or such other maturity period/tenure as may be determined, at par, on a private placement basis to such persons/entities as may be identified for the purposes of Section 42 of the Act (including without limitation, financial institutions, qualified institutional investors and high-net worth individuals) ("**Investor(s)**") for raising debt for general corporate purposes of the Company, for utilisation in the ordinary course of business of the Company (including repayment/re-financing of any existing financial indebtedness of the Company), and for deployment in the business of the Company, and the growth of the asset book of the Company, and/or for such other purposes as may be agreed with the Investor(s); and

- (b) to secure the amounts to be raised pursuant to the issue of Debentures together with all interest and other amounts thereon to be secured (up to such limits and security cover as may be agreed) by one or more of the following (i) hypothecation of certain identified loans/book debts (and/or other assets) of the Company, and/or (ii) such other security or contractual comfort as may be required in terms of the issuance of the Debentures (the "**Transaction Security**")."

RESOLVED FURTHER THAT Mr. L. Muralidharan, Chief Financial Officer, Mr. Ajeethdoss, General Manager, Finance and Mr. Sunil Kumar Sahu, Company Secretary ("**Authorised Persons**") be and are hereby severally authorised to do all such acts, deeds and things as they deem necessary or desirable in connection with the offer, issue, and allotment of the Debentures, including, without limitation the following:

- (i) seeking, if required, any approval, consent or waiver from any/all concerned government and regulatory authorities and any other person, and/or any other approvals, consent or waivers that may be required in connection with the offer, issue and allotment of the Debentures;
- (ii) to negotiate, approve of and decide the terms and conditions of the issue of Debentures;
- (iii) to execute the term sheet in relation to the Debentures;
- (iv) seeking the listing of any of the Debentures on any Stock Exchange, submitting the listing application and taking all actions that may be necessary in connection with obtaining such listing;
- (v) to finalize terms and conditions of the appointment of an arranger, a debenture trustee, a registrar and transfer agent, legal counsel, a credit rating agency, a depository, a valuation agent, and such other intermediaries as may be required to be appointed, including their successors and their agents;
- (vi) preparing and finalising (including amending, varying or modifying the same, as may be considered desirable or expedient) the Disclosure Documents (as defined below), in accordance with all applicable laws, rules, regulations and guidelines, and approving the Disclosure Documents;
- (vii) to accept the funding of the subscription amounts for the Debentures in accordance with the Transaction Documents (as defined below);
- (viii) finalising the deemed date of allotment for the Debentures;
- (ix) finalisation of the terms of, and completing all applicable requirements for the offer, issue and allotment of the Debentures;

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (x) entering into arrangements with the depositories in connection with issue of Debentures in dematerialised form;
- (xi) creating and perfecting the Transaction Security as required in accordance with the terms of the Transaction Documents (as defined below) in relation to the offer, issue and allotment of the Debentures;
- (xii) negotiate, execute, file and deliver any documents, instruments, deeds, amendments, papers, applications, notices or letters as may be required in connection with the offer, issue and allotment of the Debentures and deal with regulatory authorities in connection with the offer, issue and allotment of the Debentures including but not limited to the RBI, SEBI (if so required), any Stock Exchange, the relevant registrar of companies, the Central Registry of Securitisation Asset Reconstruction and Security Interest, the Ministry of Corporate Affairs, or any depository, and such other authorities as may be required;
- (xiii) (if so required) setting up of the Debenture Redemption Reserve in accordance with the Companies Act, 2013 and rules made thereunder and other applicable laws;
- (xiv) to generally do any other act or deed, to negotiate and execute any documents, applications, agreements, undertakings, deeds, affidavits, declarations and certificates and to give such directions as it deems fit or as may be necessary or desirable with regard to the offer, issue and allotment of the Debentures;
- (xv) to execute all documents with, file forms with and submit applications to any Stock Exchange, the relevant registrar of companies, the Ministry of Corporate Affairs, Central Registry of Securitisation Asset Reconstruction and Security Interest or any depository,
- (xvi) to obtain in principle approval and final listing/trading approval from the relevant Stock Exchange and obtain the International Securities Identification Number (ISIN) from the depositories;
- (xvii) to sign and/or dispatch all documents and notices to be signed and/or dispatched by the Company under or in connection with the Transaction Documents;
- (xviii) (if so required) to buyback/reissue the Debentures before their maturity;
- (xix) create the recovery expense fund in accordance with the SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 on "*Contribution by Issuers of listed or proposed to be listed debt securities towards creation of "Recovery Expense Fund"*" read with any guidance note(s) issued by the Stock Exchange(s) in this regard;
- (xx) to take all steps and do all things and give such directions as may be required, necessary, expedient or desirable for giving effect to the Transaction Documents, the transactions contemplated therein and the resolutions mentioned herein, including without limitation, to approve, negotiate, finalise, sign, execute, ratify, amend, supplement and/or issue the following, including any amendments, modifications, supplements, restatements or novations thereto (now or in the future):
 - (A) debt disclosure document/placement memorandum and the private placement offer cum application letter for the offer, issue and allotment of the Debentures (collectively, the "**Disclosure Documents**");

- (B) the memorandum of understanding between the Company and the registrar and transfer agent;
 - (C) the debenture certificate(s) for the Debentures (if required);
 - (D) the debenture trust deed, the debenture trustee agreement, the deed of hypothecation, and any other documents required for the creation of security interest over the Company's movable properties and assets or the providing of any contractual comfort, or the offer, issue and allotment of the Debentures (including any powers of attorney in connection thereto), and any other document in relation thereto (together with the Disclosure Documents, the "**Transaction Documents**");
 - (E) any other documents required for the purposes of the offer, issue and allotment of the Debentures and the transactions contemplated thereby, including but not limited to letters of undertaking, declarations, agreements, reports; and
 - (F) any other document designated as a Transaction Document by the debenture trustee/holders of the Debentures;
- (xxi) do all acts necessary for the finalisation of the terms of, and completing all applicable requirements for the offer, issue and allotment of the Debentures and the proposed listing of the Debentures in accordance with the terms set out in the Transaction Documents; and
- (xxii) to generally do any other act or deed, to negotiate and execute any documents, applications, agreements, undertakings, deeds, affidavits, declarations and certificates in relation to the offer, issue and allotment of the Debentures, and to give such directions as it deems fit or as may be necessary or desirable with regard to the finalisation of the terms of, and completing all applicable requirements for the offer, issue and allotment of the Debentures."

"RESOLVED FURTHER THAT the Authorised Persons be and are hereby severally authorised to take all necessary steps relating to the creation, perfection and registration of charges and also to sign and submit the necessary forms in relation to the Transaction Security and/or the offer, issue and allotment of the Debentures with any Stock Exchange, the jurisdictional registrar of companies, the Central Registry of Securitisation Asset Reconstruction and Security Interest, the Ministry of Corporate Affairs, or any depository, and other relevant governmental authorities."

"RESOLVED FURTHER THAT the Committee hereby approves and ratifies all such acts, deeds and actions taken by the Company till date for the purpose of the offer, issue and allotment of the Debentures."

"RESOLVED FURTHER THAT the Authorised Persons be and are hereby severally authorised to record the name of the holders of the Debentures in the register of debenture holders and to undertake such other acts, deeds and acts as may be required to give effect to finalisation of the terms of, and completing all applicable requirements for, the offer, issue and allotment of the Debentures and the listing of the Debentures."

"RESOLVED FURTHER THAT the Company be and is hereby authorised to open any bank accounts with such bank(s) in India as may be required in connection with the offer, issue and allotment of the Debentures and that the Authorised Persons be and are hereby severally authorised to sign and execute the application form and other documents required for opening the said account(s), to operate such account(s), and to give such instructions including closure thereof as may be required and deemed appropriate by them, and that such bank(s) be and is/are hereby authorised to honour

all cheques and other negotiable instruments drawn, accepted or endorsed and instructions given by any of the aforesaid Authorised Persons on behalf of the Company."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to pay all stamp duty required to be paid for the offer, issue and allotment of the Debentures, including through any intermediaries such as the Stock Exchanges, clearing corporations or any depositories that may be authorised in this regard, in accordance with the laws of India and procure the stamped documents from the relevant governmental authorities."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to approve and finalise, sign, execute and deliver the Transaction Documents and such other agreements, deeds, undertakings, indemnity and documents as may be required, or any of them in connection with the Debentures to be issued by the Company."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to register or lodge for registration upon execution documents, letter(s) of undertakings, declarations, and agreements and other papers or documents as may be required in relation to any of the above with any registering authority or any governmental authority competent in that behalf."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to delegate the powers to any other employee/representative/agent as may be deemed necessary to do such acts and execute such documents as may be required in connection with any of the matters relating to finalization of the terms of, and completing all applicable requirements for the offer, issue and allotment of the Debentures."

"**RESOLVED FURTHER THAT** the copies of the foregoing resolutions certified to be true copies by any Director or Company Secretary of the Company be furnished to such persons as may be deemed necessary."

/CERTIFIED TRUE COPY/

For Belstar Microfinance Limited



Sunil Kumar Sahu
Company Secretary
M: A39022

Date: October 25, 2022
Place: Chennai

ANNEXURE VIII: SHAREHOLDERS' RESOLUTION



BELSTAR MICROFINANCE LIMITED
(Formerly known as Belstar Investment and Finance Private Limited)
A Subsidiary of Muthoot Finance Limited

Registered Office : No 33, 48th Street,
 9th Avenue , Ashok Nagar,
 Chennai- 600083
 Corporate office : M V Square, No 4/14,
 Soundarapandian Street , Ashok Nagar,
 Chennai- 600083
 CIN:U06599TN1988PLC081652

+91-44-43414567 / 43414511 www.belstar.in bml@belstar.in

CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED AT THE 33RD ANNUAL GENERAL MEETING OF BELSTAR MICROFINANCE LIMITED (Formerly known as Belstar Investment and Finance Pvt Ltd) ("THE COMPANY") ("THE COMPANY") HELD ON WEDNESDAY, SEPTEMBER 29, 2021, AT 03.00 P.M AT THE CORPORATE OFFICE M V SQUARE, NO 4/14, SOUNDARAPANDIAN STREET, ASHOK NAGAR, CHENNAI-600083 M THROUGH VIDEO CONFERENCING ('VC')/OTHER AUDIO-VISUAL MEANS ('OAVM')

APPROVE POWER TO BORROW FUNDS NOT EXCEEDING ₹ 7,000 CRORES

"RESOLVED THAT in partial modification of the earlier resolution passed by the members of the Company at the 31st Annual General Meeting held on September 23, 2019 and pursuant to the provisions of Sections 180(1)(c), 42, 71 of the Companies Act, 2013 and all other applicable provisions if any, of any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) applicable regulations of Reserve Bank of India, in terms of Articles of Association of the Company, and any other applicable regulation, if any the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as **"the Board"** which term shall be deemed to include any Committee which the Board may constitute for this purpose) to borrow for the purpose of the business of the Company from time to time any sum(s) of money(s), long term or short term, fund based or non-fund based, in Indian Rupee or in any foreign currency, unsecured or secured by mortgage, charge, Hypothecation, lien, pledge or otherwise of the Company's assets and properties for and on behalf of the Company by way of loan(s), financial assistance(s), commercial paper(s), senior note(s), rupee denominated funds, off shore markets, issuance of in whatever name called from bank(s), banking company(ies), financial institution(s), corporate(s), person(s) by way of invitation, offer, issue and allotment of redeemable non-convertible debenture(s), subordinated debt(s), security(ies), debt security(ies), commercial papers(s), convertible or non-convertible or partly convertible at premium or at discount, in one or more on private placement basis as well as public issue from any or all the Entity(ies) [the term 'Entity' shall be deemed to include, individuals, Firms, Banks, Institutional Investors, Foreign Institutional Investors ("FIIs"), Foreign Portfolio Investors ("FPIs"), Qualified Institutional Buyers ("QIBs"), Financial Institutions ("FIs"), Statutory Corporations, Statutory Bodies, Trusts, Provident Funds, Pension Funds, Superannuation Funds, Gratuity Funds, Alternate Investment Funds, Insurance Companies, Companies, Societies, Educational Institutions, Association of Persons, Body of Individuals, Scientific and Research Organizations/Associations, Partnerships, Firms, Limited Liability Partnerships, Resident Individuals, Non Resident Individuals ("NRIs"), High Net worth Individuals ("HNIs"), Hindu Undivided Families ("HUFs"), Shareholders, Members, Employees, Director(s)/Key Managerial Personnel(s) ("KMP"), Relatives of Director(s)/ KMP(s), Related Party(ies) any person/institution as the Board may decide from time to time separately or any combination thereof by any permissible methods as the Board may decide including but not limited to shelf prospectus, prospectus, information memorandum, shelf disclosure document, offer document, any other document or otherwise and by way of acceptance of deposits/loans from any or all of the Entity(ies) referred above, any combination thereof and by way of any other permissible instruments or methods of borrowings on such terms and conditions as the Board may deem fit notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company, apart from temporary loans obtained and/or to be obtained from the Company's bankers in the ordinary course of business will or may exceed the aggregate of the paid up share capital, free reserves and securities premium of the Company so that the total amount outstanding at any point of time shall not exceed ₹ 7,000 crores (Rupees Seven thousand crores)."



Continuation....

"RESOLVED FURTHER THAT the Board be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may, in its absolute discretion, think fit."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

/CERTIFIED TRUE COPY/

For Belstar Microfinance Limited

**Sunil Kumar Sahu
Company Secretary**

M: A39022

**SVS Mansion Room No 55, New no-5, Irrussappa Street,
Icehouse, Triplicane, Chennai-600005**

**Date: 29.09.2021
Place: Chennai**





CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED AT THE 33RD ANNUAL GENERAL MEETING OF BELSTAR MICROFINANCE LIMITED (Formerly known as Belstar Investment and Finance Pvt Ltd) ("THE COMPANY") ("THE COMPANY") HELD ON WEDNESDAY, SEPTEMBER 29, 2021, AT 03.00 P.M AT THE CORPORATE OFFICE M V SQUARE, NO 4/14, SOUNDARAPANDIAN STREET, ASHOK NAGAR, CHENNAI-600083 M THROUGH VIDEO CONFERENCING ('VC')/OTHER AUDIO-VISUAL MEANS ('OAVM')

APPROVE THE POWER TO CREATE CHARGE/MORTGAGE/HYPOTHECATION ON THE ASSETS OF THE COMPANY

"RESOLVED THAT in partial modification of the earlier Resolution passed by the members of the Company at the 31st Annual General Meeting held on September 23, 2019 and pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and all other applicable provisions if any of any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) applicable regulations of Reserve Bank of India, in terms of Articles of Association of the Company, and any other applicable regulation, if any the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as **"the Board"** which term shall be deemed to include any Committee which the Board may constitute for this purpose) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the substantial assets of the Company in certain events in favour of Banks/Financial institutions, other investing agencies (hereinafter referred to as the "Lending Agencies") and Trustees for the holders of debentures/ bonds/other instruments to secure borrowings of the Company availed / to be availed by way of rupee term loans/foreign currency loans, debentures, bonds and other instruments provided that the total amount of such loans/borrowings shall not exceed at any time the limits approved under section 180(1)(c) of the Companies Act, 2013.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or any Committee thereof be and is hereby authorized to finalize, settle and execute such documents /deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage / charge as aforesaid."

/CERTIFIED TRUE COPY/

For Belstar Microfinance Limited



**Sunil Kumar Sahu
Company Secretary
M: A39022**

**Date: 29.09.2021
Place: Chennai**

**SVS Mansion Room No 55, New no-5, Irrussappa Street,
Icehouse, Triplicane, Chennai-600005**





EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no 4. Appointment of Mr. B Balakumaran (DIN: 09099182) as a Director of the Company

Pursuant to Sections 161 of the Companies Act 2013, Mr. B Balakumaran (DIN: 09099182), who is representing the promoter was appointed as an Additional Director of the Company with effect from April 29, 2021. In terms of Section 161 of the Companies Act, 2013, Mr. B Balakumaran holds office up to the date of ensuing Annual General Meeting.

Mr. B Balakumaran is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Accordingly, the Board recommends the passing of the Ordinary Resolution as set out in the Item no. 5 of the Notice for appointment of **Mr. B Balakumaran** as a Director

Except **Mr. B Balakumaran** being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution except and to the extent they are member of the Company.

Item no. 5 - Revision in remuneration of Dr. (Mrs.) Kalpanaa Sankar (DIN: 01926545), Managing Director of the Company

The Nomination and Remuneration Committee, in its meeting held on June 21 2021, recommended to the Board and the Board of Directors, in its meeting held on July 23, 2021, approved the payment of revised remuneration to Dr. (Mrs.) Kalpanaa Sankar (holding DIN:01926545), Managing Director of the Company w.e.f. 1st June 2021, as detailed in the resolution, subject to the approval of the shareholders in the Annual General Meeting.

In the event of inadequacy of profits or no profits, the Company will pay the above remuneration as minimum remuneration to Dr. (Mrs.) Kalpanaa Sankar, Managing Director, subject to the limits laid down in the Companies Act, 2013 ("the Act").

The resolution for revision in remuneration were approved by the Board based on the industry standards and the responsibilities handled by the Managing Director of the Company.

The aforesaid resolutions for revision in remuneration payable to Dr. (Mrs.) Kalpanaa Sankar may further be varied, altered or modified as may be agreed to by the Board of Directors and Dr. (Mrs.) Kalpanaa Sankar, in the light of any amendment/ modification of the Act, or any re-enactment thereof within the limits provided under the Act.

The Board recommends for the approval of members, the resolutions as set out at Item No. 5 as a Special Resolution None of the Directors and Key Managerial Personnel are interested in the resolutions set out in Item nos.5, except Dr. (Mrs.) Kalpanaa Sankar.



Continuation....

Items no. 6&7 - To approve power to borrow funds not exceeding ₹. 7,000 Crores & To approve the power to create Charge/Mortgage/Hypothecation on the assets of the Company.

The Company is a Non-Banking Finance Company and provides loans under various products to its borrowers. Borrowing is one of the sources of raising funds for the Company and purposes. At 31st Annual General Meeting held on September 23, 2019, the Members authorised the Board of Directors under section 180 (1)(c) of the Act, to borrow upto a limit ₹ 5000 crore apart from temporary loans obtained/to be obtained from the bankers (by way of cash credit limits and working capital demand loans in the ordinary course of business. Section 180 (1) (c) of Act provides that the Board of Directors of a Company shall only with the consent of the Company by a special resolution borrow money together with money already borrowed (apart) from temporary loans obtained and /or to be obtained from Company's bankers in ordinary course of business) in excess of share capital, free reserves and securities premium. The expression temporary loans for this purpose means loans payable on demand or within six months from date of loan such as short term, cash credit arrangements, the discounting of bills, etc.

With the increase in operations of the Company and the projections for the coming years, it is proposed to increase the Borrowing limits to Rs.7,000 Crores. Hence in this connection, the approval of the Members for the said borrowings and creation of a mortgage or charge for the said borrowing is therefore now being sought, by way of a Special Resolutions, pursuant to Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013 respectively.

The Board recommends passing of the resolutions set out at Item No. 6 & 7 as Special Resolutions.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolutions at Item Nos. 6 & 7.

/CERTIFIED TRUE COPY/

For Belstar Microfinance Limited

Sunil Kumar Sahu
Company Secretary
M: A39022

Date: 29.09.2021
Place: Chennai

SVS Mansion Room No 55, New no-5, Irrussappa Street,
Icehouse, Triplicane, Chennai-600005



ANNEXURE IX: DUE DILIGENCE CERTIFICATES

1. Due diligence certificate as per the format specified in Annexure A of the SEBI Due Diligence Circular:

IDBI Trusteeship Services Ltd. CIN : U65991MH2001GOI131154	
50424 / ITSL / OPR / 2022-23	
To, Securities and Exchange Board of India, SEBI Bhavan, Plot No C4-A, 'G' Block, Bandra Kurla Complex, Bandra East, Mumbai -51	Date: 28-October-2022 Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001
FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE BEFORE OPENING OF THE ISSUE	
Dear Sir/Madam,	
<u>SUB : Issuance of Secured Listed Redeemable, Principal Protected Non- Convertible Market Linked Debentures (MLD's) aggregating INR 250,00,00,000/- (Indian Rupees Two Hundred and Fifty Crores only) with a green shoe option up to INR 50,00,00,000/- (Indian Rupees Fifty Crores only) by Belstar Microfinance Ltd ("the Company/Issuer")</u>	
We, the debenture trustee(s) to the above mentioned forthcoming issue state as follows:	
1. We have examined documents pertaining to the said issue and other such relevant documents. 2. On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents. WE CONFIRM that: a) The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued. b) The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies). c) The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities. d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document or private placement memorandum/ information memorandum and all disclosures made in the offer document or private placement memorandum/ information memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement. e) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application. f) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document or private placement memorandum/ information memorandum and given an undertaking that debenture trust deed would be executed before filing of listing application.	
	
Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001. Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com Website : www.idbitrustee.com	

IDBI Trusteeship Services Ltd.

CIN : U65991MH2001GOI131154



g) All disclosures made in the draft offer document or private placement memorandum/ information memorandum with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities.

PLACE: Mumbai

DATE: 28-October- 2022

For IDBI Trusteeship Services Limited

Sheetal

Authorised Signatory



Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

2. Due diligence certificate as per the format specified in Schedule IV of the Debt Listing Regulations:

IDBI Trusteeship Services Ltd CIN : U65991MH2001GOI131154 50679 / ITSL / OPR / 2022-23 To, Securities and Exchange Board of India, SEBI Bhavan, Plot No C4-A, 'G' Block, Bandra Kurla Complex, Bandra East, Mumbai -51	Date: 02-November-2022 Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001
FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE AT THE TIME OF FILING OF LISTING APPLICATION BY ISSUER Dear Sir/Madam, SUB.: ISSUE OF SECURED LISTED REDEEMABLE, PRINCIPAL PROTECTED NON- CONVERTIBLE MARKET LINKED DEBENTURES (MLD'S) AGGREGATING INR 250,00,00,000/- (INDIAN RUPEES TWO HUNDRED AND FIFTY CRORES ONLY) WITH A GREEN SHOE OPTION UP TO INR 50,00,00,000/- (INDIAN RUPEES FIFTY CRORES ONLY) BY BELSTAR MICROFINANCE LTD ("THE COMPANY/ISSUER") We, the debenture trustee(s) to the above mentioned forthcoming issue state as follows: 1. We have examined documents pertaining to the creation of charge over assets of Issuer 2. On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and of independent verification of the various relevant documents, WE CONFIRM that: a) The Issuer has created charge over its assets in favour of debenture trustee as per terms of offer document or private placement memorandum/information memorandum and debenture trustee agreement. b) Issuer has executed the debenture trust deed as per terms of offer document or private placement memorandum/information memorandum and debenture trustee agreement. c) The Issuer has given an undertaking that charge shall be registered with Sub-registrar, Registrar of Companies, Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI), Depository etc., as applicable, within 30 days of creation of charge. We have satisfied ourselves about the ability of the Issuer to service the debt securities. PLACE: Mumbai DATE: 02-November-2022 For IDBI Trusteeship Services Limited Authorised Signatory	
Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001. Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com Website : www.idbitrustee.com	

ANNEXURE X: DISCLOSURES PURSUANT TO THE SEBI DUE DILIGENCE CIRCULAR

- (a) **Details of assets, movable property and immovable property on which charge is proposed to be created**

Movable assets comprising the identified book debts/loan receivables of the Issuer.

- (b) **Title deeds (original/ certified true copy by issuers/ certified true copy by existing charge holders, as available) or title reports issued by a legal counsel/ advocates, copies of the relevant agreements/ Memorandum of Understanding**

No title deeds are applicable or available for movable assets of the Issuer set out above over which security is proposed to be created by the Issuer. The details of the underlying documents relating to the book debts/loan receivables comprising the Hypothecated Assets will be set out in the Deed of Hypothecation.

- (c) **Copy of evidence of registration with Sub-registrar, Registrar of Companies, Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI) etc**

The charge created over the movable assets set out in (a) above will be reported to the relevant registrar of companies and the Central Registry of Securitisation Asset Reconstruction and Security Interest (CERSAI) within the timelines prescribed under Applicable Law. As the charge is being created over movable assets, no filings are required to be made with any sub-registrar.

- (d) **For unencumbered assets, an undertaking that the assets on which charge is proposed to be created are free from any encumbrances**

The Issuer hereby undertakes that the assets on which charge is proposed to be created as security for the Debentures are free from any encumbrances.

- (e) **For encumbered assets, on which charge is proposed to be created, the following consents along-with their validity as on date of their submission:**

- (i) **Details of existing charge over the assets along with details of charge holders, value/ amount, copy of evidence of registration with Sub-registrar, Registrar of Companies, CERSAI, Information Utility (IU) registered with Insolvency and Bankruptcy Board of India (IBBI) etc. as applicable:** Not Applicable.
- (ii) **Consent/ No-objection certificate (NOC) from existing charge holders for further creation of charge on the assets or relevant transaction documents wherein existing charge holders have given conditional consent/ permission to the Issuer to create further charge on the assets, along-with terms of such conditional consent/ permission, if any:** Not Applicable.
- (iii) **Consent/ NOC from existing unsecured lenders, in case, negative lien is created by Issuer in favour of unsecured lenders:** Not Applicable.

- (f) **In case of personal guarantee or any other document/ letter with similar intent is offered as security or a part of security:**

- (i) **Details of guarantor viz. relationship with the Issuer:** Not Applicable.
- (ii) **Net worth statement (not older than 6 months from the date of debenture trustee agreement) certified by a chartered accountant of the guarantor:** Not Applicable.
- (iii) **List of assets of the guarantor including undertakings/ consent/ NOC as per para 4.2 and 4.3 above:** Not Applicable.

- (iv) **Conditions of invocation of guarantee including details of put options or any other terms and conditions which may impact the security created:** Not Applicable.
- (v) **Executed copies of previously entered agreements for providing guarantee to any other person, if any:** Not Applicable.
- (g) **In case of corporate guarantee or any other document/ letter with similar intent is offered as security or a part of security:**
 - (i) **Details of guarantor viz. holding/ subsidiary/ associate company etc:** Not Applicable.
 - (ii) **Audited financial statements (not older than 6 months from the date of debenture trustee agreement) of guarantor including details of all contingent liabilities:** Not Applicable.
 - (iii) **List of assets of the guarantor along-with undertakings/consent/NOC as per Paragraphs 4.2 and 4.3 of SEBI Due Diligence Circular:** Not Applicable.
 - (iv) **Conditions of invocation of guarantee including details of put options or any other terms and conditions which may impact the security created:** Not Applicable.
 - (v) **Impact on the security in case of restructuring activity of the guarantor:** Not Applicable.
 - (vi) **Undertaking by the guarantor that the guarantee shall be disclosed as "contingent liability" in the "notes to accounts" of financial statement of the guarantor:** Not Applicable.
 - (vii) **Copy of Board resolution of the guarantor for the guarantee provided in respect of the debt securities of the Issuer:** Not Applicable.
 - (viii) **Executed copies of previously entered agreements for providing guarantee to any other person, if any:** Not Applicable.
- (h) **In case securities (equity shares etc.) are being offered as security then a holding statement from the depository participant along-with an undertaking that these securities shall be pledged in favour of debenture trustee(s) in the depository system:** Not Applicable.
- (i) **Details of any other form of security being offered viz. Debt Service Reserve Account etc.:** Not applicable. Please also refer section named "*Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Placement Memorandum*" in Section 8.1 (*Summary Terms*).
- (j) **Any other information, documents or records required by debenture trustee with regard to creation of security and perfection of security:** Not Applicable.
- (k) **Declaration:** The Issuer declares that debt securities shall be considered as secured only if the charged asset is registered with Sub-registrar (if applicable) and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the Debenture Trustee.
- (l) **Terms and conditions of debenture trustee agreement including fees charged by debenture trustees(s):** Please refer the consent letter of the Debenture Trustee for terms and conditions of the appointment of the Debenture Trustee and fee of the Debenture Trustee.

- (m) **Details of security to be created:** Please refer section named "*Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Placement Memorandum*" in Section 8.1 (Summary Terms).
- (n) **Process of due diligence carried out by the debenture trustee:** The Debenture Trustee has carried out due diligence in accordance with the manner prescribed in the SEBI Due Diligence Circulars. The due diligence broadly includes the following:
- (i) A chartered accountant appointed by the Debenture Trustee will be conducting an independent due diligence as per scope provided by the Debenture Trustee and the information provided by the Issuer in respect of the security being provided by the Issuer in respect of the Debentures.
 - (ii) The chartered accountant will verify and ensure that the assets provided by the Issuer for creation of security are free from any encumbrances or necessary permission or consent has been obtained from existing charge holders.
 - (iii) Periodical due diligence will be carried out by the Debenture Trustee in accordance with the SEBI (Debenture Trustees) Regulations, 1993 and the relevant circulars issued by SEBI from time to time (including the SEBI Due Diligence Circular) as per the nature of security provided by the Issuer in respect of the Debentures.
 - (iv) The Debenture Trustee will issue such necessary certificate(s) in relation to the due diligence carried out by it and such certificate(s) will be available on Stock Exchanges from time to time for information of the Debenture Holders.
- Even though the Debentures are to be secured to the extent of at least 100% of the principal and interest amount or as per the terms of this Placement Memorandum, in favor of the Debenture Trustee, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.
- Due diligence will be carried out for maintenance of the prescribed security cover depending on information provided by the Issuer and the chartered accountant appointed by the Debenture Trustee or the Debenture Trustee will not be responsible for misinformation provided by Issuer.
- (o) **Due diligence certificates as per the format specified in Annexure A and in Schedule IV of the Debt Listing Regulations:** Enclosed as Annexure IX. The due diligence certificate will be submitted to BSE along with the Placement Memorandum.

ANNEXURE XI: IN-PRINCIPLE APPROVAL FROM BSE

BSE Limited Registered Office: Floor 25, P J Towers, Dalal Street, Mumbai – 400 001, India
 T : +91 22 2272 8045 / 8055 F : +91 22 2272 3457 www.bseindia.com
 Corporate Identity Number: L67120MH2005PLC155188



DCS/COMP/PG/IP-PPDI/394/22-23

October 31, 2022

BELSTAR MICROFINANCE LIMITED

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

Dear Sir,

Re: Private Placement Of 3000 Rated, Senior, Secured, Listed, Transferable, Redeemable, Principal Protected Market Linked Nonconvertible Debentures Denominated In Indian Rupees, Each Having A Face Value Of Rs.10 Lakh And An Aggregate Face Value Of Rs.250 Crore With A Green Shoe Option Of 500 Rated, Senior, Secured, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures, Each Having A Face Value Of Rs.10 Lakh And An Aggregate Face Value Of Rs.50 Crore) ("Debentures" Or "NCDs") (The "Issue").

We acknowledge receipt of your application on the online portal on October 28, 2022 seeking In-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant in-principle approval for listing of captioned security subject to fulfilling the following conditions at the time of seeking listing:

1. Filing of listing application.
2. Payment of fees as may be prescribed from time to time.
3. Compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder and also Compliance with provisions of Companies Act 2013.
4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.
5. Compliance with change in the guidelines, regulations, directions, circulars of the Exchange, SEBI or any other statutory authorities, documentary requirements from time to time
6. Compliance with below mentioned circular dated June 10, 2020 issued by BSE before opening of the issue to the investors.:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20200610-31>

7. Issuers, for whom use of EBP is not mandatory, specific attention is drawn towards compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and BSE Circular No 20210519-29 dated May 19, 2021. Accordingly, Issuers of privately placed debt securities in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 or ILDM Regulations for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of such issuance. The details can be uploaded using the following links [Electronic Issuance - Bombay Stock Exchange Limited \(bseindia.com\)](#)

8. It is advised that Face Value of NCDs issue through private placement basis should be kept as per Chapter V of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.

BSE - CONFIDENTIAL

BSE Limited Registered Office: Floor 25, P J Towers, Dalal Street, Mumbai – 400 001, India
 T : +91 22 2272 8045 / 8055 F : +91 22 2272 3457 www.bseindia.com
 Corporate Identity Number: L67120MH2005PLC155188



9. Issuers are hereby advised to comply with signing of agreements with both the depositories as per Regulation 7 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.

This In-Principle Approval is valid for a period of 1 year from the date of issue of this letter or period of 1 year from the date of opening of the first offer of debt securities under the shelf placement memorandum, whichever ever applicable. The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/ incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines/Regulations issued by the statutory authorities etc. Further, it is subject to payment of all applicable charges levied by the Exchange for usage of any system, software or similar such facilities provided by BSE which the Company shall avail to process the application of securities for which approval is given vide this letter.

Yours faithfully,

For BSE Limited

Sd/-
Rupal Khandelwal
Assistant General Manager

Sd/-
Raghavendra Bhat
Deputy Manager

ANNEXURE XII: SHAREHOLDING PATTERN

S.no	Name of shareholder	Total Number of equity shares	Total Shareholding as % of total no of equity shares	Number of shares held in Demat Form	Number of Shares pledged or otherwise encumbered
1	DR KALPANA SANKAR	43,850	0.09	43,850	NIL
2	Mr. CV SANKAR	100	0.00	100	
3	BINDU DANDAPANI	100	0.00	100	
4	SARVAM FINANCIAL INCLUSION TRUST	59,87,161	12.26	59,87,161	
5	HAND IN HAND CONSULTING SERVICES PRIVATE LIMITED	3,41,237	0.70	3,41,237	
6	MUTHOOT FINANCE LIMITED	2,78,25,405	56.97	2,78,25,405	
7	MAJ INVEST FINANCIAL INCLUSION FUND II K/S	47,93,260	9.81	47,93,260	
8	ARUM HOLDINGS LIMITED	76,47,059	15.66	76,47,059	
9	AUGUSTA INVESTMENTS ZERO PTE LTD	22,05,883	4.52	22,05,883	
TOTAL		4,88,44,055	100	4,88,44,055	

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE XIII: FINALISED FORM OF THE PPOA (ALONG WITH ALL DISCLOSURES)

Serial No: 1
Addressed to:
Date: October 31, 2022

FORM NO. PAS - 4
PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER
("PPOA")

Pursuant to Section 42 of the Companies Act, 2013 and Rule 14 (3) of Companies (Prospectus and Allotment of Securities) Rules, 2014.

Note: This Form No. PAS-4 is prepared in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014.

Issue of 3,000 (three thousand) rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures denominated in Indian Rupees ("INR"), each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of INR 300,00,00,000 (Indian Rupees Three Hundred Crore) inclusive of a green shoe option of 500 (five hundred) rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures denominated in INR, each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of INR 50,00,00,000 (Indian Rupees Fifty Crore) ("Debentures" or "NCDs") on a private placement basis (the "Issue").

PART A

1. General Information:

a) Name, address, website and other contact details of the Company, indicating both registered office and the corporate office:

Issuer / Company:	Belstar Microfinance Limited (" Company " or " Belstar " or " Issuer ")
Registered Office:	New No. 33, Old No. 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai - 600083
Corporate Office:	M V Square, No 4/14, Soundarapandian Street , Ashok Nagar, Chennai- 600083
Telephone No.:	+91 – 44-43414503
Website:	https://www.belstar.in/
Fax:	N.A.
Contact Person:	Mr. Sunil Kumar Sahu
Email:	sunilkumar.k@belstar.in

b) Date of incorporation of the Company: January 11, 1988

c) Business carried on by the Company and its subsidiaries with the details of branches or units, if any;

Belstar Microfinance Limited (Erstwhile Belstar Investment and Finance Private Limited) (BML) was incorporated in January 1988 at Bangalore and being a Non-Banking Finance Company, the Company was registered with the RBI in March 2001. The Company has been reclassified as non-banking financial company - micro finance institution ("**NBFC-MFI**") by Reserve Bank of India ("**RBI**") effective December 12, 2013.

The Company changed its name to Belstar Microfinance Limited as part of corporate rebranding which would make the name of the Company simple, sharp and focused on Micro financing activity

BML is a NBFC-MFI and a subsidiary of Muthoot Finance Limited, Guided by an expert Board member team and an able leadership, the company has successfully transitioned in to a profitable and high-potential Microfinance Institution (MFI) with low credit risk. Belstar's business model is unique as it pursues a double bottom line focusing on both financial performance as well as social performance with the assistance of the Hand in Hand India in alleviating poverty coupled with community development.

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. The ratings on Belstar centrally factors in the parent's strategic importance and strong articulation of financial support to Belstar due to latter's strategic importance.

The rating also factors in Belstar's adequate capitalisation, adequate earnings profile and benefits of operational support from Hand in Hand (HIH) group. However, these strengths are offset by geographical concentration of portfolio, moderation in asset quality and the susceptibility of the microfinance sector to various regulatory and legislative risks. This has helped Belstar focus on diversification of the funding profile expansion in operational states and making inroads into newer geographies.

- **Team:** It has created a professional management team that understands the pulse of the geography where Belstar operates with a combined experience of more than 20 years.
- **Portfolio Growth:** The Asset under management as at March 31, 2022 was Rs. 43649 Million . The company achieve milestone of Rs 4000 Crores Gross Loan portfolio which indicating stable and strong growth of 32.31% year to year basis

Business Model

Belstar follows both the SHG as well as the Pragathi model of lending. Belstar does not mix SHG and Pragathi operations in the same region while they can co-exist in the same state.

SHG model

Belstar and Hand in Hand work closely together; The approach followed by Hand in Hand is a SHG model, where it initially identifies a branch, groups of women members are identified bas is the company policy, train them with life skills for a period of six months. This time is used by HI I-1 to gauge the dynamics of the group, understand their motivations to borrow, study their family income, repayment capacity and the like which enables them to make informed credit decisions. During this phase, the group is encouraged to save money; Basis the savings, at the end of the six-month training period, the group is lent money by Hand in Hand in Hand (SHG model). Minimum incubation period for a group at HII-1 is 6 months. Post 6 months based on the company strategy, branches in certain geographies are handed over to Belstar.

Pragati (JLG model)

Pragathi model is carried out broadly similar to other MFI Pragathi models. The time taken for disbursement in a Pragathi is about 5 days to a week. The company is for using on reducing Pragathi disbursement turn-around time to around 3-5 days

Branch details

As of the date of this PPOA, the Company has 801 branches across 18 states/union territories.

Subsidiary details

As of the date of this PPOA, the Company has no subsidiaries.

d) Brief particulars of the management of the Company:

S. No.	Name	Designation	Profile
1	Dr. Kalpanaa Sankar	Managing Director	As the Managing Director of Belstar Microfinance Limited, she has helped build a leading microfinance institution with a social conscience and greater purpose. Dr. Kalpanaa Sankar has been involved in the self-help group movement for 21 years and has specialized in participatory assessment, and 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 a 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
2	K.B. Balakumaran	Executive Director	Mr. Balakumaran has worked in the Indian Bank for 21 years, as Rural Development Officer, Officer in-charge of Gramodaya Kendra, Project Manager - IBSUM and Branch Manager. He has also independently managed the Agricultural Credit Desk at the Regional Office at

			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.
3	L. Muralidharan -	Chief Financial Officer	Has over 19 years of post qualification experience in Corporate Finance, Statutory, Internal and Management Audit of large public sector undertakings. Prior to this, he worked with IFMR Trust as VP - Finance and before that at Emirates Trading Agency LLC in Dubai in their Corporate Affairs division. Muralidharan has also worked with Reliance Industries, Mumbai in their Management Audit division and played active role at the time of setting up of RIL - Petroleum Units and Retail Outlets and Water Aid India, an International NGO as Finance Manager.
4	N.Karuppusamy	Business head	Karuppusamy, an agriculture graduate from TNAU, Coimbatore is a Development / Banking and Finance Professional with two decades of experience. He started the career with PRADAN / DHAN Foundation, a development organization and served about 10 years in diversified programmes in Natural Resource Management, Rural Development and Banking & Finance. He joined HDFC Bank as Relationship Manager in 2007 and served for about 11 years. His resigned as Vice President (Product Head) in May 2019 and joined BELSTAR family. As Product Head, he was one of the core team and played a key role in design & launch / implementation of Products, Processes and Systems for scaling up of Sustainable Livelihood Initiative (micro finance division @ HDFC Bank). His expertise include re-defining the business to the context and design & execution of people centric process driven strategies to meet the organization's goal. He also holds M.A (Sociology) from Madurai Kamaraj University and CAIIB (Indian Institute of Banking and Finance).
5	G Parthasarathy	Chief Risk Officer	Parthasarathy has over 18 Years' experience in Retail Banking/Finance, Business Operations, Risk Management, Legal, Collections, Credit Policies, Sales & Marketing ,Business Development, Client Servicing and Team Management across multiple companies including GE Money, HDFC Bank, BEBB India and Madura Micro Finance Ltd,. He has also held pan India roles in Risk, Internal Audit, Legal and Collections. He has a strong technology background and track record in establishing credit systems, policies and process formulation for Internal Audit, Risk and Collection functions. He comes with a B.Sc. in Mathematics and an MBA from Madras University as well as a LLB (Bachelor of Law) degree from SV University.
6	Mr. S. Dhanasekaran	Chief Technology Officer.	He has 25 years of experience in Banking, IT & NBFC firms like Deutsche Bank, May Bank, ABN-AMRO, OCB Bank, Shinsei Bank, Citi Bank in Singapore and HCL Tech in India. Prior to joining Belstar, he worked with Samunnati Finance as Head of Technology.He will be

			based at Chennai HO.He holds Bachelor's degree in Computer Science Engineering and Master's degree in management (MBA)
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e) **Names, addresses, Director Identification Number (DIN) and occupations of the directors:**

S. No	Name of the Director	Designation	DIN	Address	Occupation
1	Dr. Kalpanaa Sankar	Managing Director	01926545	No. 2/226, Second street, Karpagambal Nagar, Kottivakkam, Chennai, Tamil Nadu,600041	Employment
2	Mr. B Balakumaran	Director	09099182	No3/1135, G2,JKB Sri Arul flats Madha nagar,2nd main road, Madhananthapuram, Mugalivakkam Chennai - 600125	Employment
3	Mr. Subramanian Ananthanarayanan	Independent Director	01777552	Plot no-209, 8thstreet, Malleswari Nagar, Madambakkam, Chennai – 600 126	Retired Banker
4	Mr. Vadakkakara Antony George	Independent Director	01493737	Flat T-3, Shireen no.2, Karpagam Avenue,R A Puram, Chennai, Tamil Nadu,600028	Employment
5	Mr Venkataraman Krishnamoorthy	Independent Director	02443410	No 4/18, Sri Sakthi Vijayalakshmi Nagar 1st Streetoff 100 Feet Bypass Road, Velacherrychennai-600042	Retired Banker
6	Mr. Chinnaamy Ganesan	Independent Director	07615862	Flat No.1, SPA Mount 99, LDG Road, Little Mount, Saidapet Chennai 600015	Professional
7	Mr. Kuttickattu Rajappan Bijimon	Investor Director	00023071	Kuttikattu House,36/943-B,East of lissie Hospital, journalist road, Ernakulam North, Ernakulam 682018	Employment
8	Mr. George Alexander	Investor Director	00018384	Muthoot House, G-343 Panampilly Nagar Ernakulam Kerala- 682036	Employment
9	Mr. George Muthoot Jacob	Investor Director	00018955	Muthoot House, H NO: TC 4/2515 Marappalam, Pattom .PO Trivandrum, Kerla -695004	Employment
10	Mr. David Arturo Paradiso	Investor Director	08181832	Adonia Building, B-Wing Apt. 1101, South Avenue, Hiranandani Gardens, Powai Mumbai 400076	Employment
11	Mr. Vijay Nallan Chakravarthi	Investor Director	08020248	2401,Planet Goderaj Tower-1 K.K Marg , Mahalaxmi Mumbai-400011	Employment

f) **Management's perception of Risk Factors**

GENERAL RISK

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under this PPOA and under Section 4 of the placement memorandum dated October 31, 2022 ("**Placement Memorandum**") issued by the Company in respect of the Debentures. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

RISK FACTORS

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential Investors should carefully consider all the risk factors stated in this PPOA for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures but does not represent that the statements below regarding risks of holding the Debentures are exhaustive. Potential Investors should also read the detailed information set out elsewhere in this PPOA and reach their own views prior to making any investment decision.

Capitalised terms used in this sub-section (f) and not otherwise defined in this PPOA shall have the meanings given to them in the Placement Memorandum.

(i) **REPAYMENT IS SUBJECT TO THE CREDIT RISK OF THE ISSUER.**

Potential investors ("**Investors**") should be aware that receipt of the principal amount, (i.e. the redemption amount) and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer whereby the Investors may or may not recover all or part of the funds in case of default by the Issuer. Potential Investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

(ii) **RISKS IN RELATION TO THE NON-CONVERTIBLE SECURITIES; THE SECONDARY MARKET FOR DEBENTURES MAY BE ILLIQUID; LIMITED OR SPORADIC TRADING OF NON-CONVERTIBLE SECURITIES OF THE ISSUER ON THE STOCK EXCHANGES.**

It is not possible to predict if and to what extent a secondary market may develop in the Debentures or at what price the Debentures will trade in the secondary market or whether such market will be liquid or illiquid. As specified in the Disclosure Document, an application has been made to list or quote or admit to trading the Debentures on the WSD Segment of the BSE and an in-principle approval has been obtained. If the Debentures are so listed or quoted or admitted to trading on the BSE no assurance is given that any such listing or quotation or admission to trading will be maintained. The fact that the Debentures may be so listed or quoted or admitted to trading does not necessarily lead to greater liquidity than if they were not so listed or quoted or admitted to trading.

The Issuer may, but is not obliged to, at any time purchase the Debentures at any price in the open market or by tender or private agreement. Any Debentures so purchased may be resold or surrendered for cancellation. The more limited the secondary market is, the more difficult it may be for holders of the Debentures to realize value for the Debentures prior to redemption of the Debentures.

The Debentures may be very illiquid, and no secondary market may develop in respect thereof. Even if there is a secondary market for the Debentures, it is not likely to provide significant liquidity. Potential Investors may have to hold the Debentures until redemption to realize any value.

(iii) **CREDIT RISK & RATING DOWNGRADE RISK**

CRISIL Ratings Limited ("**Rating Agency**") has assigned the credit rating to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the Rating Agency may downgrade the rating of the Debentures. In such cases, potential Investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

(iv) **CHANGES IN INTEREST RATES MAY AFFECT THE PRICE OF DEBENTURES.**

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

(v) **TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS**

Special tax considerations and legal considerations may apply to certain types of investors. Potential Investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

(vi) **ACCOUNTING CONSIDERATIONS**

Special accounting considerations may apply to certain types of taxpayers. Potential Investors are urged to consult with their own accounting advisors to determine implications of this investment.

(vii) RISKS IN RELATION TO THE SECURITY; SECURITY MAY BE INSUFFICIENT TO REDEEM THE DEBENTURES; RISKS IN RELATION TO MAINTENANCE OF SECURITY COVER OR FULL RECOVERY OF THE SECURITY IN CASE OF ENFORCEMENT

In the event that the Company is unable to meet its payment and other obligations towards Investors under the terms of the Debentures, the Debenture Trustee may enforce the security in respect of the Debentures as per the terms of security documents, and other related documents. The Debenture Holder(s)' recovery in relation to the Debentures will be subject to (i) the market value of such secured property, (ii) finding willing buyers for the transaction security at a price sufficient to repay the Debenture Holder(s)' amounts outstanding under the Debentures. The value realised from the enforcement of the transaction security may be insufficient to redeem the Debentures.

Fluctuations in the market values of the assets over which security has been provided in respect of loans provided by the Issuer could affect the Issuer's liquidity and reduce the Issuer's ability to enforce the security, which could adversely affect the Issuer's result of operations and financial condition. The Issuer may not accurately identify changes in the value of assets over which security has been provided caused by changes in market prices, and the Issuer's assessments, assumptions or estimates may prove inaccurate.

(viii) MATERIAL CHANGES IN REGULATIONS TO WHICH THE ISSUER IS SUBJECT COULD IMPAIR THE ISSUER'S ABILITY TO MEET PAYMENT OR OTHER OBLIGATIONS.

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

(ix) LEGALITY OF PURCHASE

Potential Investors in the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of their incorporation or the jurisdiction in which they operate or for compliance by that potential Investor with any law, regulation or regulatory policy applicable to it.

(x) POLITICAL AND ECONOMIC RISK IN INDIA

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Issuer has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

(xi) **RISKS RELATED TO THE BUSINESS OF THE ISSUER**

- (A) ***The Issuer provides both secured and unsecured loans to the clients and if the Issuer is unable to control the level of non-performing loans ("NPAs") in the future, or if the Issuer's loan loss reserves are insufficient to cover future loan losses, the financial condition and results of operations may be materially and adversely affected.***

A majority of the Issuer's loans are unsecured and the clients of these unsecured loans are of the high risk category. There is uncertainty on the client's ability to fulfil its loan obligations it can be difficult to verify all client details and assess the risk. Such non-performing or low credit quality loans can negatively impact the Issuer's results of operations.

The Issuer has various procedures and process controls in place to mitigate the risk.

As on March 31,2022, the gross NPA was INR 250.18 Cr and Net NPA INR 82 .00 on book portfolio of INR 3777.14 Cr

The Issuer cannot assure that it will be able to effectively control and reduce the level of the NPAs of its client loans. The amount of its reported NPAs may increase in the future as a result of growth of client loans. If the Issuer is unable to manage NPAs or adequately recover its loans, the results of its operations will be adversely affected.

The current loan loss reserves of the Issuer may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of client loans. As a result, if the quality of its total loan portfolio deteriorates the Issuer may be required to increase its loan loss reserves, which will adversely affect its financial condition and results of operations.

The clients are from different industries spread across several geographies with limited access to finance and, as a result, might be vulnerable if economic conditions worsen or growth rates decelerate in India, or if there are natural disasters such as floods and droughts in areas where the Issuer's members live. Moreover, there is no precise method for predicting loan and credit losses, and the Issuer cannot assure that its monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If the Issuer are unable to control or reduce the level of its NPAs or poor credit quality loans, its financial condition and results of its operations could be materially and adversely affected.

- (B) ***Lending to small businesses poses unique risks not generally associated with other forms of lending in India, and, as a result, the Issuer may experience increased levels of NPAs and related provisions and write-off that negatively impact results of operations.***

Issuer's core business is to provide loans to Micro, Small and Medium Enterprise ("MSME") segments primarily in the urban and semi-urban areas. Any downturn in the area of activity by borrowers could adversely affect the ability of borrowers to make loan repayment on time and in turn negatively impact the Issuer's operation. Due to the precarious circumstances of borrowers and non-traditional lending practices the Issuer may, in the future experience increased level of non-performing loans and related provisions and write-offs that negatively impact its business and results of operations.

The Issuer has separated sales from credit risk department. This helps in better credit evaluation of the customer. A credit enhancement happens by the way of hypothecation of stocks/machineries and or mortgage of immovable property. The ability to repay the loan is taken care of by the internal credit evaluation and intention to repay is taken care of by the collaterals obtained.

(C) *The Issuer is exposed to certain political, regulatory and concentration of risks*

Due to the nature of its operations, the Issuer is exposed to political, regulatory and concentration risks. The Issuer believes a mitigant to this is to expand its geographical reach and may consequently expand its operations other states. If it is not effectively able to manage such operations and expansion, it may lose money invested in such expansion, which could adversely affect its business and results of operations.

Large scale attrition, especially at the senior management level, can make it difficult for the Issuer to manage its business.

If the Issuer is not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain the Issuer's quality and reputation, it will be difficult for the Issuer to manage its business and growth. The Issuer depends on the services of its executive officers and key employees for its continued operations and growth. In particular, the Issuer's senior management has significant experience in the microfinance, banking and financial services industries. The loss of any of the Issuer's executive officers, key employees or senior managers could negatively affect its ability to execute its business strategy, including its ability to manage its rapid growth. The Issuer's business is also dependent on its team of personnel who directly manage its relationships with its members. The Issuer's business and profits would suffer adversely if a substantial number of such personnel left the Issuer or became ineffective in servicing its members over a period of time. The Issuer's future success will depend in large part on its ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience is intense in this industry, and the Issuer may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain its quality and reputation or to sustain or expand its operations. The loss of the services of such personnel or the inability to identify, attract and retain qualified personnel in the future would make it difficult for the Issuer to manage its business and growth and to meet key objectives.

(D) *The Issuer's business and results of operations would be adversely affected by strikes, work stoppages or increased wage demands by employees*

The employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If the employees unionize, it may become difficult to maintain flexible labour policies, and could result in high labour costs, which would adversely affect the Issuer's business and results of operations.

(E) *The Issuer's insurance coverage may not adequately protect it against losses. Successful claims that exceed its insurance coverage could harm the Issuer's results of operations and diminish its financial position*

The Issuer maintains insurance coverage of the type and in the amounts that it believes are commensurate with its operations and other general liability insurances. The Issuer's insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage.

In addition, there are various types of risks and losses for which the Issuer does not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to the Issuer on acceptable terms. A successful assertion of one or more large claims against the Issuer that exceeds its available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer's business, financial condition and results of operations.

(F) *The Issuer's business and results of operations would be adversely affected by strikes, work stoppages or increased wage demands by employees*

The employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If the employees unionize, it may become difficult to maintain flexible labour policies, and could result in high labour costs, which would adversely affect the Issuer's business and results of operations.

(G) *The Issuer's insurance coverage may not adequately protect it against losses. Successful claims that exceed its insurance coverage could harm the Issuer's results of operations and diminish its financial position*

The Issuer maintains insurance coverage of the type and in the amounts that it believes are commensurate with its operations and other general liability insurances. The Issuer's insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage.

In addition, there are various types of risks and losses for which the Issuer does not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to the Issuer on acceptable terms. A successful assertion of one or more large claims against the Issuer that exceeds its available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer's business, financial condition and results of operations.

(H) *The Issuer requires certain statutory and regulatory approvals for conducting its business and the failure to obtain or retain them in a timely manner, or at all, may adversely affect operations*

NBFCs in India are subject to strict regulation and supervision by the RBI. Pursuant to guidelines issued by the RBI, the Issuer is required to maintain its status as a NBFC. The Issuer requires certain approvals, licenses, registrations and permissions for operating its business, including registration with the RBI as a NBFC-ND. Further, such approvals, licenses, registrations and permissions must be maintained/renewed over time, applicable requirements may change, and the Issuer may not be aware of or comply with all requirements all of the time. In particular, the Issuer is required to obtain a certificate of registration for carrying on business as a NBFC-ND that is subject to numerous conditions.

- (i) *Competition from banks and financial institutions, as well as state-sponsored programs, may adversely affect the Issuer's profitability and position in the Indian NBFC lending industry*

The Issuer faces most significant competition from other NBFCs and banks in India. Many of the institutions with which Issuer competes can have greater assets and better access to, and lower cost of, funding than the issuer. In certain areas, they may also have better name recognition and larger member bases than Issuer. Issuer anticipates that it may encounter greater competition as they continue expanding the operations in India, which may result in an adverse effect on the business, results of operations and financial condition.

(xii) **MODEL RISKS**

Investment in the Debentures is subject to model risk. The Debentures are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behaviour of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models.

(xiii) **TRADING OF THE NCDS MAY BE LIMITED BY TEMPORARY EXCHANGE CLOSURES, BROKER DEFAULTS, SETTLEMENT DELAYS, STRIKES BY BROKERAGE FIRM EMPLOYEES AND DISPUTES.**

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

(xiv) **REFUSAL OF LISTING OF ANY SECURITY OF THE ISSUER DURING LAST THREE YEARS BY ANY OF THE STOCK EXCHANGES IN INDIA OR ABROAD**

As on the date of this PPOA, no stock exchange in India or abroad has refused listing of any equity or debt security issued by the Issuer.

(xv) **IN CASE OF OUTSTANDING DEBT INSTRUMENTS OR DEPOSITS OR BORROWINGS:**

ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY AS PER TERMS AGREED: As on the date of this PPOA, the Issuer has not committed any default in compliance with the material covenants such as creation of security as per terms agreed in respect of any outstanding borrowings.

DEFAULT IN PAYMENT OF INTEREST: As on the date of this PPOA, the Issuer has not committed any default in payment of interest in respect of any outstanding borrowings.

DEFAULT IN REDEMPTION OR REPAYMENT: As on the date of this PPOA, the Issuer has not committed any default in redemption or repayment in respect of any outstanding borrowings.

NON-CREATION OF DEBENTURE REDEMPTION RESERVE: Pursuant Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, an NBFC is not required to maintain debenture redemption reserve for debentures issued on a private placement basis.

DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE: As on the date of this PPOA, the Issuer has not committed any default in payment of interest penal in respect of any outstanding borrowings.

OTHERS: A failure to observe the covenants under the Issuer's financing arrangements or to obtain necessary consents required thereunder may lead to the termination of the Issuer's credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under the Issuer's other financing agreements. If the obligations under any of the Issuer's financing documents are accelerated, the Issuer may have to dedicate a substantial portion of the Issuer's cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for the Issuer's working capital requirements and other general corporate purposes. Further, during any period in which the Issuer is in default, the Issuer may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect the Issuer's business, credit rating and financial condition, cash flows and results of operations. If the Issuer fails to meet its debt service obligations or covenants provided under the financing agreements, the relevant lenders could declare the Issuer to be in default under the terms of the Issuer's agreements or accelerate the maturity of the Issuer's obligations. the Issuer cannot assure the Investors that, in the event of any such acceleration, the Issuer will have sufficient resources to repay the borrowings.

g) **Details of defaults, if any, including the amounts involved, duration of default, and present status, in repayment of:**

- (i) Statutory Dues: **NIL**
- (ii) Debentures and interest thereon: **NIL**
- (iii) Deposits and interest thereon: **NIL**
- (iv) Loan from any bank or financial institution and interest thereon: **NIL**

h) **Name, designation, address and phone number, email ID of the nodal / compliance officer of the Company, if any, for the private placement offer process:**

Name: Sunil Kumar Sahu
Designation: Company Secretary
Address: New No. 33, Old No. 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai - 600083
Phone No.: +91 – 44-43414505
Email: sunilkumar.k@belstar.in

i) **Any default in annual filing of the Company under the Companies Act, 2013 or the rules made thereunder: Nil**

2. Particulars of the Offer:

Financial position of the Company for the last 3 (three) financial years	Please refer Annexure I and Annexure II
Date of passing of Board Resolution	Board resolution dated January 31, 2022 read with the resolution dated October 25, 2022 of the finance committee of the board of directors of the Issuer. Copies of the board resolution and the committee resolution are enclosed in Annexure III below.
Date of passing of resolution in general meeting, authorizing the offer of securities	September 29, 2021 Copy of the abovementioned resolution is enclosed in Annexure IV below.
Kind of securities offered (i.e. whether share or debenture) and class of security; the total number of shares or other securities to be issued	3,000 (three thousand) rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures denominated in INR, each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of INR 300,00,00,000 (Indian Rupees Three Hundred Crore) inclusive of a green shoe option of 500 (five hundred) rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures denominated in INR, each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of INR 50,00,00,000 (Indian Rupees Fifty Crore)
Price at which the security is being offered, including premium if any, along with justification of the price	The Debentures are being offered at face value of INR 10,00,000 (Indian Rupees Ten Lakh) per Debenture. Not applicable as each Debenture is a non-convertible debt instrument which is being offered at face value.
Name and address of the valuer who performed valuation of the security offered, and basis on which the price has been arrived at along with report of the registered valuer	Not applicable as each Debenture is a non-convertible debt instrument which is being offered at face value of INR 10,00,000 (Indian Rupees Ten Lakh) per Debenture.
Relevant date with reference to which the price has been arrived at [<i>Relevant Date means a date at least 30 days prior to the date on which the general meeting of the Company is scheduled to be held</i>]	Not applicable as each Debenture is a non-convertible debt instrument which is being offered at face value of INR 10,00,000 (Indian Rupees Ten Lakh) per Debenture.
The class or classes of persons to whom the allotment is proposed to be made	Please refer Section 10.14 of the Placement Memorandum.

Intention of promoters, directors or key managerial personnel to subscribe to the offer (applicable in case they intend to subscribe to the offer) [Not required in case of issue of non-convertible debentures]	Not applicable as the Debentures are non-convertible debt instruments.				
The proposed time within which the allotment shall be completed	The Debentures will be deemed to be allotted on October 31, 2022 (" Deemed Date of Allotment "), and the Company will ensure that the Debentures are credited into the demat accounts of the holders of the Debentures (" Debenture Holders ") within the timelines prescribed under Chapter VII (<i>Standardization of timelines for listing of securities issued on a private placement basis</i>) of the circular issued by the Securities and Exchange Board of India (" SEBI ") bearing the reference number SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 on " <i>Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper</i> ", each in accordance with the debenture trust deed (" DTD ") to be entered into between the Company and the debenture trustee (" Debenture Trustee ").				
The names of the proposed allottees and the percentage of post private placement capital that may be held by them [Not applicable in case of issue of non-convertible debentures].	Not applicable as the Debentures are non-convertible debt instruments.				
The change in control, if any, in the company that would occur consequent to the private placement	No change in control would occur consequent to this private placement as the Debentures are non-convertible debt instruments.				
The number of persons to whom allotment on preferential basis/ private placement/ rights issue has already been made during the year, in terms of securities as well as price	S.No	Name & (occupation of Allottee)	Number of Securities (Equity) allotted	Total amount paid (including premium) (in Rs.)	
	1	Arum Holdings limited.	1029412	35,00,00,080	
	2	AUGUSTA INVESTMENTS ZERO PTE LTD	2205883	75,00,00,220	
			32,35,295	110,00,00,300	
The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not applicable as the Debentures are non-convertible debt instruments which are being offered at a face value of INR 10,00,000 (Indian Rupees Ten Lakh) per Debenture.				

Amount, which the Company intends to raise by way of securities	Up to INR 300,00,00,000 (Indian Rupees Three Hundred Crore) including a green shoe option of up to INR 50,00,00,000 (Indian Rupees Fifty Crore)	
Terms of raising of securities:	Duration, if applicable:	24 (twenty four) months from the Deemed Date of Allotment. Each Debenture shall be fully redeemed on a <i>pari passu</i> basis by the Company on October 31, 2024 ("Final Redemption Date") in accordance with the DTD. The proposed coupon payment and redemption schedule are set out in Annexure VI.
	Rate of dividend or rate of interest:	APPLICABLE DEFINITIONS "Annualised Interest Rate" or "Annualised Coupon Rate" means: (a) 9.35% (nine decimal three five percent) (XIRR), if the Reference Index Yield is less than or equal to 18% (eighteen percent); and/or (b) 9.30% (nine decimal three zero percent) (XIRR), if the Reference Index Yield is greater than 18% (eighteen percent) but less than or equal to 24% (twenty four percent); and/or (c) 0% (zero percent) (XIRR), if the Reference Index Yield is greater than 24% (twenty four percent). "Digital Level" means, as on the date of observation and at the time of observation, the yield of the Reference Index. "Final Fixing Date" means: (a) if the Debentures are being redeemed on the Final Redemption Date, the date occurring 30 (thirty) days prior to the Final Redemption Date; or (b) if the Debentures are being redeemed on any date other than the Final Redemption Date, the date occurring 30 (thirty) days prior to any date on which the Debentures are required to be redeemed in accordance with terms of the Transaction Documents. "Final Fixing Level" means the yield of the Reference Index on the Final Fixing Date (determined in accordance with the Digital Level).

		"Interest Amounts" or "Coupon Amounts" means, for redemption/premature redemption of Debentures in the manner set out in the DTD, in respect of any Debenture, the interest or the coupon payable on such Debenture, determined as follows: $IA = OPA * [(1 + \text{Annualised Interest Rate})^{(\text{Tenor in days}/365)} - 1]$ where: (a) "IA" is the Interest Amounts; (b) "OPA" is the Outstanding Principal Amounts in respect of such Debenture; and (c) "Tenor in Days" means the period between the Deemed Date of Allotment and the date on which the Debentures are to be redeemed in accordance with the DTD, determined in days. "Outstanding Principal Amounts" means, at any date, the principal amounts outstanding under the Debentures. "Reference Index" means the 6.54% GS 2032, having ISIN IN0020210244 and maturing on January 17, 2032, as published by Financial Benchmarks India Private Limited (available at www.fbil.org.in). "Reference Index Yield" means the yield of the Reference Index on the Final Fixing Date (determined in accordance with the Digital Level). INTEREST ON DEBENTURES (a) The Interest Amounts shall accrue and be payable by the Issuer to the relevant Debenture Holders in the manner determined herein on the Final Redemption Date. (b) In case, due to any reason whatsoever, the yield of the Reference Index on the Final Fixing Date is not available/visible for the purposes of determining the Final Fixing Level and/or Reference Index Yield, then, the last determined/known yield of the Reference Index immediately
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		preceding the Final Fixing Date will be considered for the purposes of determining the Final Fixing Level and/or Reference Index Yield. The indicative interest payment and redemption schedule is set out in Annexure VI.
	Mode of payment	[Electronic mode of transfer like RTGS/NEFT/direct credit] to the account specified in the application form in respect of the Debentures set out in the Placement Memorandum.
	Mode of repayment	All interest, principal repayments, penal interest and other amounts, if any, payable by the Company to the Debenture Holders shall be paid to the Debenture Holders by electronic mode of transfer like RTGS/NEFT/direct credit to such bank account within India as the Debenture Holders inform the Company in writing and which details are available with the registrar and transfer agent of the Issue.
Proposed time schedule for which the private placement offer cum application letter is valid	Issue Opening Date: October 31, 2022 Issue Closing Date: October 31, 2022 Pay in Date: October 31, 2022 Deemed Date of Allotment: October 31, 2022	
Purpose and objects of the offer	The funds raised by the Issue shall be utilized by the Issuer for the following purposes ("Purpose"): (a) for general corporate purposes of the Issuer; (b) for utilization in the ordinary course of business of the Issuer (including repayment/re-financing of any existing financial indebtedness of the Issuer); and (c) for deployment in the business of the Issuer, and the growth of the asset book of the Issuer. The funds raised by the Issue shall be utilised by the Issuer solely for the Purpose and the Issuer shall not use the proceeds of the Issue towards: (i) any capital market instrument such as equity, debt, debt linked, and equity linked instruments or any other capital market related activities (whether directly or indirectly); (ii) any speculative purposes;	

	(iii) investment in the real estate sector/real estate business (including the acquisition/purchase of land); (iv) in contravention of applicable law (including without limitation, any guidelines, rules or regulations of the RBI and the Securities and Exchange Board of India); (v) for providing loan to or acquisitions of shares of any person who is a part of the same group as the Issuer or who is under the same management as the Issuer; and (vi) any purpose, that is not eligible for the providing of financing by banks to non-banking financial companies for bank finance to non-banking financial companies, or, which results in a breach of the RBI's circular bearing no. DOR.CRE.REC.No.07/21.04.172/2022-23 dated April 1, 2022 on "<i>Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)</i>".
Contribution being made by the Promoters or directors either as part of the offer or separately in furtherance of the object	Nil
Principal terms of assets charged as security, if applicable	TRANSACTION SECURITY (a) The Debentures shall be secured on or prior to the Deemed Date of Allotment by way of (i) a first ranking exclusive and continuing charge to be created in favour of the Debenture Trustee pursuant to an unattested deed of hypothecation executed or to be executed and delivered by the Issuer in a form acceptable to the Debenture Trustee ("Deed of Hypothecation") over certain identified book debts/loan receivables of the Issuer as described therein (the "Hypothecated Assets"), and (ii) such other security interest as may be agreed between the Issuer and the Debenture Holders ((i) and (ii) above are collectively referred to as the "Transaction Security"). (b) The charge over the Hypothecated Assets shall be at least 1.1 (one decimal one) times the value of the Outstanding Amounts, wherein the value of the principal receivables under the loans comprising the Hypothecated Assets shall be at least 1.1 (one decimal one) times the value of the Outstanding Amounts (collectively, the "Security Cover"), and shall be maintained at all times commencing from the Deemed Date of Allotment until the Final Settlement Date. It is clarified that for the purposes of the above, the Annualised Interest Rate (for the purposes of calculating the accrued Interest Amounts) shall be deemed to be 9.35% (nine decimal three five percent) (XIRR). (c) The value of the Hypothecated Assets for this purpose (for both initial and subsequent valuations) shall

	be the amount reflected as the value thereof in the books of accounts of the Issuer. (d) The Issuer shall create the charge over the Hypothecated Assets on or prior to the Deemed Date of Allotment and perfect such security by filing Form CHG-9 with the jurisdictional registrar of companies and by ensuring and procuring that the Debenture Trustee files Form I with CERSAI in respect thereof within the time period prescribed under the Deed of Hypothecation. (e) The Issuer further agrees, declares and covenants as follows: (i) all the Hypothecated Assets that will be charged to the Debenture Trustee under the Deed of Hypothecation shall always be kept distinguishable and held as the exclusive property of the Issuer specifically appropriated to the Transaction Security and be dealt with only under the directions of the Debenture Trustee; (ii) the Issuer shall not create any charge, lien or other encumbrance upon or over the Hypothecated Assets or any part thereof except in favour of the Debenture Trustee nor will it do or allow anything that may prejudice the Transaction Security; (iii) the Debenture Trustee shall be at liberty to incur all costs and expenses as may be necessary to preserve the Transaction Security and to maintain the Transaction Security undiminished and claim reimbursement thereof; (iv) the Issuer shall, at the time periods set out in the Deed of Hypothecation, provide a list of the Hypothecated Assets to the Debenture Trustee over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Security Cover; (v) the Issuer shall, within the timelines prescribed under the Deed of Hypothecation, add fresh receivables/loans to the Hypothecated Assets so as to ensure that the Security Cover is maintained or replace such Hypothecated Assets that do not satisfy the eligibility criteria prescribed in the Transaction Documents; (vi) the Issuer shall, within such time period as may be prescribed under the Deed of Hypothecation and as and when required by the Debenture Trustee, give full particulars to the Debenture Trustee of all the Hypothecated Assets from time to time; (vii) the security interest created on the Hypothecated Assets shall be a continuing security; and
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	(viii) the Hypothecated Assets shall fulfil the eligibility criteria set out in the Deed of Hypothecation. APPLICABLE DEFINITIONS "CERSAI" means the Central Registry of Securitisation Asset Reconstruction and Security Interest of India. "Final Settlement Date" means the date on which all Secured Obligations have been irrevocably and unconditionally paid and discharged in full to the satisfaction of the Debenture Holders. "Outstanding Amounts" means, at any date, the Outstanding Principal Amounts together with any Interest Amounts (including any accrued but unpaid/uncrystallised Interest Amounts), additional interest, costs, fees, charges, and other amounts payable by the Issuer in respect of the Debentures. "Secured Obligations" means all present and future obligations (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever) of the Issuer to the Debenture Holders or the Debenture Trustee under the Transaction Documents, including without limitation, the making of payment of any interest, redemption of principal amounts, the Interest Amounts, default interest, additional interest, liquidated damages and all costs, charges, expenses and other amounts payable by the Issuer in respect of the Debentures.
The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future operations	None

The pre-issue and post-issue shareholding pattern of the Company in the following format (on a fully diluted basis):

Sl.	Category	Pre-issue		Post- issue	
		No of shares held	% of shares holding	No of shares held	% of shares holding
A	Promoters' Holding				
1	Indian				
	Individual	44,050	0.09	x	0.09
	Bodies Corporate	63,28,398	12.96	63,28,398	12.96
	Sub Total	63,72,448	13.05	63,72,448	1
2	Foreign Promoters	0	0	0	0
	Sub-Total (A)	63,72,448	13.05	63,72,448	13.05
B	Non-Promoters' Holding				
1	Institutional Investors				
2	Non- Institutional Investors				
	Private Corporate Bodies	27825405	56.97	27825405	56.97

	Directors and Relatives				
	Indian Public				
	Others (Including Non-Resident Indians (NRIs))	1,46,46,202	29.99	1,46,46,202	29.99
	Sub –Total (B)	4,24,71,607	86.95	4,24,71,607	86.95
	GRAND TOTAL	4,88,44,055	100	4,88,44,055	100
RBI Disclaimer		The Issuer has a valid certificate of registration dated December 11,2013 issued by the RBI under Section 45-IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Issuer or the correctness of any of the statements or representations made or opinion expressed by the Issuer and for repayment of deposits/discharge of liabilities by the Issuer.			

3. **Mode of payment for subscription (Cheque/ Demand Draft/ other banking channels):**

- () Cheque
() Demand Draft
(x) Other Banking Channels

4. **Disclosure with regard to interest of directors, litigation, etc:**

Any financial or other material interest of the directors, promoters or key managerial personnel in the Issue and the effect of such interest in so far as it is different from the interests of other persons	The directors, promoters and key managerial personnel have no interest (financial or any other material interest) in the issuance.
Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any Promoter of the Company during the last 3 (three) years immediately preceding the year of the circulation of this private placement offer cum application letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	Nil
Remuneration of directors (during the current year and last 3 (three) financial years)	For the last 3 (three financial years):

	<table><tr><th>Director</th><th>FY 2019-20</th><th>FY 2020-21</th><th>FY 2021-22</th></tr><tr><td>Dr. Kalpanaa Sankar</td><td>1,29,59,100</td><td>93,16,800</td><td>1,41,45,000</td></tr><tr><td>Mr. S Chandrasekar</td><td>49,49,600</td><td>48,64,900</td><td>NA</td></tr><tr><td>Mr. B Balakumaran</td><td>NA</td><td>NA</td><td>10,00,000</td></tr></table>	Director	FY 2019-20	FY 2020-21	FY 2021-22	Dr. Kalpanaa Sankar	1,29,59,100	93,16,800	1,41,45,000	Mr. S Chandrasekar	49,49,600	48,64,900	NA	Mr. B Balakumaran	NA	NA	10,00,000
	Director	FY 2019-20	FY 2020-21	FY 2021-22													
	Dr. Kalpanaa Sankar	1,29,59,100	93,16,800	1,41,45,000													
	Mr. S Chandrasekar	49,49,600	48,64,900	NA													
	Mr. B Balakumaran	NA	NA	10,00,000													
For the current year (as on date):																	
<table><tr><th>Director</th><th>FY 2022-23 (Current Year (as Sept 30,2022)</th></tr><tr><td>Dr. Kalpanaa Sankar</td><td>7233250</td></tr><tr><td>Mr. B Balakumaran</td><td>1625000</td></tr></table>				Director	FY 2022-23 (Current Year (as Sept 30,2022)	Dr. Kalpanaa Sankar	7233250	Mr. B Balakumaran	1625000								
Director	FY 2022-23 (Current Year (as Sept 30,2022)																
Dr. Kalpanaa Sankar	7233250																
Mr. B Balakumaran	1625000																
Related party transactions entered during the last 3 (three) financial years immediately preceding the year of circulation of this private placement offer cum application letter including with regard to loans made or, guarantees given or securities provided.	Please refer Annexure V .																
Summary of reservations or qualifications or adverse remarks of auditors in the last 5 (five) financial years immediately preceding the year of issue of private placement offer cum application letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark	Nil																
Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law in the last three years immediately preceding the year of issue of private placement offer cum application letter in the case of company and all of its subsidiaries, and if there were any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of the private placement offer cum application letter and if so,	Nil																

section-wise details thereof for the company and all of its subsidiaries;	
Details of acts of material frauds committed against the Company in the last 3 (three) years, if any, and if so, the action taken by the Company	Nil

5. Financial Position of the Company:

The capital structure of the company in the following manner in a tabular form:

The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)	Share Capital		Aggregate Nominal Value
	Authorised		
	Authorised Capital		
	Equity Share Capital		
	10,00,00,000 Equity Shares of Rs. 10/-each		Rs. 100,00,00,000
	TOTAL		Rs. 100,00,00,000
	Issued, Subscribed and Paid-up Equity Capital		
	3,75,20,524 Equity Shares of Rs. 10/-each		Rs. 48,84,40,550
	TOTAL		Rs. 48,84,40,550
Size of the Present Issue	Up to INR 300,00,00,000 (Indian Rupees Three Hundred Crore) including a green shoe option up to INR 50,00,00,000 (Indian Rupees Fifty Crore)		
Paid-up Capital:			
a. After the offer:	INR 48,84,40,550		
b. After the conversion of Convertible Instruments (if applicable)	Not applicable as each Debenture is a non-convertible debt instrument which is being offered at face value.		
Share Premium Account:			
a. Before the offer:	Rs 6,07,45,95,033		
b. After the offer:	Rs 6,07,45,95,033		

[Details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration:

Date of allotment	Name of Shareholder	No. of equity shares issued	Face value (in Rs.)	Price at which issued (in Rs.)	Cumulative number of equity shares	Cumulative paid up share capital (in Cr)	[Form of consideration]
As at [March 31, 2021]					1,43,57,680	14,35,76,800	Cash
26.07.2016	M/s Muthoot Finance Limited	88,88,888	10	45	2,32,46,568	23,24,65,680	
17.03.2018	M/s Muthoot Finance Limited	14,00,000	10	50	2,46,46,568	24,64,65,680	
17.07.2018	M/s Muthoot Finance Limited	3243184	10	156.77	2,78,89,752	27,88,97,520	
16.08.2018	M/s Muthoot Finance Limited	956816	10		2,88,46,568	28,84,65,680	
29.08.2018	Maj Invest Financial Inclusion Fund II K/S	4146201	10		3,29,92,769	32,99,27,690	
24.12.2018	M/s Muthoot Finance Limited	4527755	10		3,75,20,524	37,52,05,240	
29.03.2022	M/s Muthoot Finance Limited	823530	10	340	38,344,054	38,34,40,540	
	Maj Invest Financial Inclusion Fund II K/S	647059	10	340	38,991,113	38,99,11,130	
	ARUM HOLDINGS LIMITED	6617647	10	340	45,608,760	45,60,87,600	
29.06.2022	AUGUSTA INVESTMENTS ZERO PTE LTD	2205883	10	340	22058830	47,81,46,430	
	ARUM HOLDINGS LIMITED	1029412	10	340	10294120	48,84,40,550	

Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the private placement offer cum application letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case:

Please refer the sub-section named "*The number of persons to whom allotment on preferential basis/ private placement/ rights issue has already been made during the year, in terms of securities as well as price*" of Section 2 above.

Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of issue of private placement offer cum application letter	Year	FY 2019-20	FY 2020-21	FY 2021-22	
	Profit before tax Rs (in crores)	133.25	57.01	56.15	
	Profit after tax (Rs in crores)	98.99	46.65	45.13	
Dividends declared by the Company in respect of the said 3 (three) financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid)	Particular	FY 2019-20	FY2020-21	FY2021-22	
	Dividends Declared (Rs in crores)	2.25	1.12	1.37	
	Interest Coverage ratio	1.73	1.24	1.19	
A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this private placement offer cum application letter	Please refer Annexure I				
Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this private placement offer cum application letter	Please refer Annexure II				
Any change in accounting policies during the last 3 (three) years and their effect on the profits and the reserves of the Company	In FY 2018-19 Company Changed in this regards the Company changed its accounting policy mainly in the areas of income recognition, impairment provision, fair value computation, depreciation on fixed assets etc, to comply with IND AS				

PART B
(To be filed by the Applicant)

- (i) **Name:**
- (ii) **Father's name:**
- (iii) **Complete Address:**
(including Flat / House Number, Street, Locality, Pin Code)
- (iv) **Phone number; if any:**
- (v) **Email ID, if any:**
- (vi) **PAN Number:**
- (vii) **Bank Account details:**
- (viii) **Tick whichever is applicable:**
 - (a) The applicant is not required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares.- ☐ ;
 - (b) The applicant is required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares and the same has been obtained, and is enclosed herewith.- ☐ .

Signature

Initial of the Officer of the Company designated to keep the record

6. **DECLARATION**

- A. The Company has complied with the provisions of the Companies Act, 2013 and the rules made hereunder.
- B. The compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of the Debentures, if applicable, is guaranteed by the Central Government.
- C. The monies received under the Offer shall be used only for the purposes and objects indicated in this private placement offer cum application letter.

I am authorized by the Board of Directors of the Company *vide* resolution number 23, dated January 31, 2022 read with the resolution dated October 25, 2022 of the finance committee of the board of directors of the Issuer to sign this private placement offer cum application letter and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with.

Whatever is stated in this private placement offer cum application letter and in the attachments thereto is true, correct and complete and no information material to the subject matter of the private placement offer cum application letter has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this private placement offer cum application letter.

For **BELSTAR MICROFINANCE LIMITED**



Authorised Signatory

Name: Mr Sunil Kumar Sahu

Title: Company Secretary

Date: October 31, 2022

Place: Chennai

Enclosed

Annexure I – Financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of this PPOA

Annexure II – Audited cash flow statement for the 3 (three) years immediately preceding the date of this PPOA

Annexure III – Copy of Board Resolution and Committee Resolution

Annexure IV – Copies of Shareholders' Resolutions

Annexure V – Related Party Transactions

Annexure VI – Illustrative Cash Flows and Scenario Analysis

Application Form: Please refer the application form set out in the Placement Memorandum.

Optional Attachments, if any

ANNEXURE I

FINANCIAL POSITION OF THE COMPANY AS IN THE 3 (THREE) AUDITED BALANCE SHEETS IMMEDIATELY PRECEDING THE DATE OF THIS PPOA

BELSTAR MICROFINANCE LIMITED

CIN NO-U06599TN1988PLC081652

Regd Office-No 33,48th Street 9th Avenue Ashok Nagar ,Chennai-83

Website:www.belstar.in

STATEMENT OF ASSETS & LIABILITIES (BALANCE SHEET) AS AT JUNE 30, 2022

(All amounts are in Millions of Indian Rupees, unless otherwise stated)

Particulars	As at June 30, 2022 (Unaudited)	As at March 31, 2022 (Audited)
I ASSETS		
1 Financial assets		
a) Cash and cash equivalents	6,224.80	7,218.36
b) Bank Balance other than (a) above	987.79	1,360.18
c) Receivables		
(I)Trade Receivables	4.96	3.46
(II)Other Receivables	-	-
d) Loans	37,551.05	35,542.53
e) Other Financial assets	708.23	669.93
2 Non-financial Assets		
a) Deferred tax assets (Net)	606.20	514.59
b) Investment Property	1.10	1.10
c) Property, Plant and Equipment	47.09	47.69
d) Right of use assets	89.87	97.29
e) Intangible assets under development	1.15	0.49
f) Other Intangible assets	6.70	6.81
g) Other non financial assets	149.07	140.43
TOTAL ASSETS	46,378.01	45,602.86
II LIABILITIES AND EQUITY		
LIABILITIES		
1 Financial Liabilities		
a) 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	1.00	0.56
(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	5.70	3.46
b) Debt Securities	3,290.86	3,807.89
c) Borrowings (other than debt securities)	30,077.42	30,118.88
d) Subordinated Liabilities	1,644.99	1,643.59
e) Other Financial liabilities	1,095.50	1,089.41
2 Non-financial Liabilities		
a) Current tax liabilities (net)	109.35	64.87
b) Provisions	77.64	61.54
c) Other non-financial liabilities	291.82	253.33
EQUITY		
a) Equity share capital	488.44	456.09
b) Other equity	9,295.29	8,103.24
TOTAL LIABILITIES AND EQUITY	46,378.01	45,602.86



BELSTAR MICROFINANCE LIMITED
BALANCE SHEET AS AT MARCH 31, 2022

Particulars	Note No	(Rs. In millions)	
		As at March 31, 2022	As at March 31, 2021
I ASSETS			
1 Financial assets			
a) Cash and cash equivalents	6	7,218.36	4,521.23
b) Bank Balance other than (a) above	7	1,360.18	1,256.62
c) Receivables			
(i) Trade Receivables	8	3.46	3.14
(ii) Other Receivables		-	-
d) Loans	9	35,542.53	27,837.47
e) Other Financial assets	10	669.93	625.47
2 Non-financial Assets			
a) Deferred tax assets (Net)	40	514.59	195.84
b) Investment Property	11	1.10	1.10
c) Property, Plant and Equipment	12	47.69	35.76
d) Right-of-use assets	13	97.29	72.89
e) Intangible assets under development	14	0.49	0.55
f) Other intangible assets	15	6.81	13.31
g) Other non financial assets	16	140.43	109.50
Total Assets		45,602.86	34,672.88
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial Liabilities			
a) 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	17 A	0.56	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	17 B	3.46	2.31
b) Debt Securities	18	3,807.89	5,284.95
c) Borrowings (other than debt securities)	19	30,118.88	21,032.99
d) Subordinated Liabilities	20	1,643.59	1,638.42
e) Other Financial liabilities	21	1,089.41	1,051.27
2 Non-financial Liabilities			
a) Current tax liabilities (net)	39	64.87	20.34
b) Provisions	22	61.54	50.97
c) Other non-financial liabilities	23	253.33	168.74
EQUITY			
a) Equity share capital	24	456.09	375.21
b) Other equity	25	8,103.24	5,041.95
Total Liabilities and Equity		45,602.86	34,672.88

The accompanying notes are an integral part of the financial statements

As per our Report of even date attached

For M/s. Varma & Varma
Chartered Accountants
Firm No. 0045925

P. R. Prasanna Varma
Partner
Firm No. 025854

Place: Chennai
Date: April 29, 2022



For and on behalf of Board of Directors

Kalpana Sankar

Dr. Kalpana Sankar
Managing Director
(DIN. 01926545)

L Muralidharan
L Muralidharan
Chief Financial Officer

B Balakumaran
Wholetime Director
(DIN. 09099182)

Sunil Kumar Sahu
Sunil Kumar Sahu
Company Secretary



BELSTAR MICROFINANCE LIMITED
(Formerly known as Belstar Investment and Finance Private Limited)
Balance Sheet as at March 31, 2021

		(Rs. in millions)	
Particulars	Notes	As at March 31, 2021	As at March 31, 2020
I ASSETS			
1 Financial assets			
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	872.05
2 Non-financial Assets			
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	85.76	53.73
e) Right-of-use assets	13	72.89	91.89
f) Other Intangible assets	14	13.21	13.09
g) Intangible assets under development		0.55	-
h) Other non financial assets	15	109.50	70.27
Total assets		34,672.88	25,187.88
II LIABILITIES AND EQUITY			
1 Financial Liabilities			
a) Derivative financial instruments		-	-
b) Payables			
(i) Trade Payables		-	-
(ii) total outstanding dues of micro enterprises and small enterprises		-	-
(iii) total outstanding dues of creditors other than micro enterprises and small enterprises		5.73	-
(iv) Other Payables		-	-
(v) total outstanding dues of micro enterprises and small enterprises		-	-
(vi) 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
2 Non-financial Liabilities			
a) Current tax liabilities (net)		20.34	-
b) Provisions	20	50.97	58.07
c) Other non-financial liabilities	21	168.74	220.34
3 Equity			
a) Equity share capital	22	375.21	375.21
b) Other equity	23	5,041.95	4,603.07
Total Liabilities and Equity		34,672.88	25,187.88

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

For M/s. N. Sankaran & Co.
Chartered Accountants
(FRN: 0035905)

M N Prabhakar
M N Prabhakar
Partner
M.No.207188
Date: April 29, 2021
Place: Chennai



For and on behalf of Board of Directors

Kalpene Sankar
Dr. Kalpene Sankar
Managing Director
(DIN: 01926545)

B Balakumar
B Balakumar
Director
(DIN: 09099182)

L Muralidharan
L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Sunil Kumar Sahu
Company Secretary



BELSTAR MICROFINANCE LIMITED (Formerly known as Belstar Investment and Finance Private Limited) Balance Sheet as at March 31, 2020			
		(Rs. in millions)	
Particulars	Notes	As at March 31, 2020	As at March 31, 2019
I ASSETS			
1 Financial assets			
a) Cash and cash equivalents	6	1,719.28	2,188.23
b) Bank Balance other than (a) above	7	1,423.79	1,094.87
c) Receivables			
(i) Trade Receivables	8	1.60	8.46
(ii) Other Receivables		-	-
d) Loans	9	20,888.68	16,387.65
e) Investments		-	-
f) Other Financial assets	10	872.05	558.43
2 Non-financial Assets			
a) Current tax assets (Net)		5.88	13.98
b) Deferred tax assets (Net)	36	46.52	94.24
c) Investment Property	11	1.10	1.10
d) Property, Plant and Equipment	12	53.73	41.01
e) Right-of-use assets	13	91.89	-
f) Other Intangible assets	14	13.09	11.14
g) Other non financial assets	15	70.27	39.60
Total assets		25,187.88	20,438.71
II LIABILITIES AND EQUITY			
1 Financial Liabilities			
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		-	-
(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		-	-
c) Debt Securities	16	369.90	2,279.88
d) Borrowings (other than debt securities)	17	17,541.68	12,643.25
e) Subordinated Liabilities	18	1,044.09	905.31
f) Other Financial liabilities	19	975.52	491.66
2 Non-financial Liabilities			
a) Provisions	20	58.07	46.91
b) Other non-financial liabilities	21	220.34	69.94
3 Equity			
a) Equity share capital	22	375.21	375.21
b) Other equity	23	4,603.07	3,626.55
Total Liabilities and Equity		25,187.88	20,438.71
Notes on accounts form part of final accounts As per our Report of even date attached		For and on behalf of Board of Directors	
For M/s. N. Sankaran & Co. Chartered Accountants (ERN: 0035905) <i>M N Prabhakar</i> M N Prabhakar Partner M.No.207188 Date: May 10, 2020 Place: Chennai  		<i>Kalpana Sankar</i> Dr. Kalpana Sankar Managing Director (DIN: 01926545) <i>L Muralidharan</i> L Muralidharan Chief Financial Officer <i>S. Chandrasekar</i> S. Chandrasekar Wholetime Director (DIN: 02360909) <i>Sunil Kumar Sahu</i> Sunil Kumar Sahu Company Secretary	

BELSTAR MICROFINANCE LIMITED

CIN NO-U06599TN1988PLC081652
Regd Office-No.33,48th Street 9th Avenue Ashok Nagar, Chennai-83
Website www.belstar.in

STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2022
(All amounts are in Millions of Indian Rupees, unless otherwise stated)

Particulars		Quarter ended		Year ended	
		30-Jun-22	31-Mar-22	30-Jun-21	31-Mar-22
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
(I)	Revenue from operations				
	(i) Interest income	1,842.89	2,024.31	1,511.24	6,768.32
	(ii) Fee and commission income	11.99	10.52	3.65	37.37
	(iii) Net gain on fair value changes on investments	4.20	2.89	-	7.87
	(iv) Net gain on de-recognition of financial instruments under amortised cost category	237.77	372.50	-	458.73
Total Revenue from operations		2,096.85	2,410.22	1,514.89	7,272.29
(II)	Other Income	5.16	6.29	0.65	12.02
(III)	Total Income (I + II)	2,102.01	2,416.51	1,515.54	7,284.31
(IV)	Expenses				
	(i) Finance cost	811.48	823.36	680.16	2,912.21
	(ii) Fee and commission expenses	60.53	54.79	44.15	196.68
	(iii) Impairment of financial instruments	376.12	561.29	334.41	1,497.50
	(iv) Employee benefit expenses	474.80	426.91	320.57	1,529.53
	(v) Depreciation, amortization and impairment	26.99	28.38	20.58	86.39
	(vi) Other expenses	180.34	149.12	96.15	500.54
Total Expenses (IV)		1,930.26	2,043.85	1,496.02	6,722.85
(V)	Profit/(loss) before tax (III- IV)	171.75	372.66	19.52	561.46
(VI)	Tax Expense:				
(VII)	(i) Current tax	125.08	131.36	112.48	422.77
	(ii) Deferred tax	(91.46)	(51.35)	(113.37)	(312.60)
	(iii) Earlier years adjustments	-	-	-	-
(VIII)	Profit/(loss) for the period	138.13	292.65	20.41	451.29
(IX)	Other Comprehensive Income				
	A Items that will not be classified to profit or loss				
	(i) Actuarial Gain/(Loss) on defined benefit obligation	(0.57)	1.79	-	(2.27)
	(ii) Tax impact thereon	0.14	(1.04)	-	(0.02)
	Subtotal (A)	(0.43)	0.75	-	(2.29)
	B Items that will be classified to profit or loss				
	(i) Fair value changes on Financial instruments measured at FVOCI	-	-	(8.27)	(17.89)
	(ii) Tax impact thereon	-	-	2.08	6.18
	Subtotal (B)	-	-	(6.19)	(11.71)
	Other Comprehensive Income (A + B)	(0.43)	0.75	(6.19)	(14.00)
Total Comprehensive Income for the period		137.70	293.40	14.22	437.29
(X)	Paid Up Equity Share Capital (Face value of Rs. 10 per share)	488.44	456.09	375.21	456.09
	Other Equity				8,103.24
	Earnings per equity share (Face Value - Rs 10 per share)				
	Basic (Rs.)	3.02	7.79	0.54	12.01
	Diluted (Rs.)	3.02	7.79	0.54	12.01
		(Not Annualized)	(Not Annualized)	(Not Annualized)	
See accompanying notes to financial results					



BELSTAR MICROFINANCE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

		(Rs. in millions)	
Particulars	Note No	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations			
(i) Interest income	28	6,768.32	5,229.37
(ii) Fee and commission income	29	37.37	28.15
(iii) Net gain on fair value changes	30	7.87	13.84
(iv) Net gain on de-recognition of financial instruments under amortised cost category	31	458.73	242.68
(i) Total Revenue from operations		7,272.29	5,514.04
(ii) Other Income	32	12.02	15.37
(iii) Total Income (i + ii)		7,284.31	5,529.41
Expenses			
(i) Finance costs	33	2,912.21	2,342.37
(ii) Fee and commission expense	34	196.68	129.03
(iii) Impairment of financial instruments	35	1,497.50	807.55
(iv) Employee benefit expenses	36	1,556.24	1,217.65
(v) Depreciation, amortization and impairment	37	86.39	92.55
(vi) Other expenses	38	473.83	370.14
(iv) Total Expenses (IV)		6,722.85	4,959.29
(v) Profit/(loss) before tax (iii - iv)		561.46	570.12
(vi) Tax Expense:			
(i) Current tax	39	422.77	261.36
(ii) Deferred tax	40	(312.60)	(150.50)
(iii) Earlier years adjustments		-	(7.25)
(vii) Profit/(loss) for the period (V - VI)		451.29	466.51
(viii) Other Comprehensive Income			
A) Items that will not be classified to profit or loss			
(i) Remeasurement gain/ (loss) of defined benefit plans		(2.27)	2.99
(ii) Tax impact thereon		(0.02)	(0.75)
Subtotal (A)		(2.29)	2.24
B) Items that will be classified to profit or loss			
(i) Fair value gain/ (loss) on Financial Instruments measured at FVOCI		(17.89)	(9.84)
(ii) Tax impact thereon		6.18	2.48
Subtotal (B)		(11.71)	(7.36)
Other Comprehensive Income (A + B)		(14.00)	(5.12)
(ix) Total Comprehensive Income for the period (VII + VIII)		437.29	461.39
(x) Earnings per equity share (Face Value - Rs 10 per share)	41		
Basic (Rs.)		12.01	12.43
Diluted (Rs.)		12.01	12.43

The accompanying notes are an integral part of the financial statements
As per our Report of even date attached

For M/s. Varma & Varma
Chartered Accountants
Firm No. 0045325

P.R. Prasanna Varma
Partner
M.No.025854

Place: Chennai
Date: April 29, 2022



For and on behalf of Board of Directors

Dr. Kalpanaa Sankar
Managing Director
(DIN. 01926545)

L. Muralidharan
Chief Financial Officer

B. Balakumaran
Wholetime Director
(DIN. 09099182)

Sunil Kumar Sahu
Company Secretary



BELSTAR MICROFINANCE LIMITED
(Formerly known as Belstar Investment and Finance Private Limited)
Statement of Profit and Loss for the year ended March 31, 2021

		(Rs. in millions)	
Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations			
(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
Total Revenue from operations		5,516.22	4,993.60
(II) Other Income	29	15.37	13.87
Total Income (I + II)		5,531.59	5,007.47
Expenses			
(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
Total Expenses		4,961.47	3,675.02
Profit/(loss) before tax (III - IV)		570.12	1,332.45
Tax Expense:			
(i) Current tax	35	261.36	291.45
(ii) Deferred tax charge/ (credit)	36	(150.50)	51.01
(iii) Earlier years adjustments		(7.25)	-
Profit/(loss) for the period (V - VI)		468.51	989.99
Other Comprehensive Income			
Items that will not be classified to profit or loss			
(i) Remeasurement gain/ (loss) of defined benefit plans		2.99	(1.28)
(ii) Tax impact thereon		(0.75)	0.32
Subtotal (A)		2.24	(0.96)
Items that will be classified to profit or loss			
(i) Fair value gain/ (loss) on debt instruments measured at FVOCI		(9.84)	(0.25)
(ii) Tax impact thereon		2.48	0.06
Subtotal (B)		(7.36)	(0.19)
Other Comprehensive Income (A + B)		(5.12)	(1.15)
Total Comprehensive Income for the period (VII + VIII)		463.39	988.84
Earnings per equity share	37		
Basic (Rs.)		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 M/s. N. Sankaran & Co.,
Chartered Accountants
(FRN: 0035905)

N. Sankaran
N. Sankaran
Partner
M.No.207188
Date: April 29, 2021
Place: Chennai

For and on behalf of Board of Directors

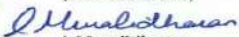
Kalpana Sankar
Dr. Kalpana Sankar
Managing Director
(DIN: 01926545)

L. Muralidharan
L. Muralidharan
Chief Financial Officer

B. Balakumaran
B. Balakumaran
Director
(DIN: 09099182)

Sunil Kumar Sahu
Sunil Kumar Sahu
Company Secretary



BELSTAR MICROFINANCE LIMITED (Formerly known as Belstar Investment and Finance Private Limited)				
Statement of Profit and Loss for the period ended March 31, 2020				
Particulars		Notes	For the year ended March 31, 2020	(Rs. in millions) For the year ended March 31, 2019
	Revenue from operations			
(i)	Interest income	26	4,649.45	3,461.37
(ii)	Sale of services	27	10.64	26.59
(iii)	Net gain on fair value changes on investments	28	66.75	64.62
(iv)	Net gain on derecognition of financial instruments		266.76	118.51
(I)	Total Revenue from operations		4,993.60	3,671.09
(II)	Other Income	29	13.87	9.59
(III)	Total Income (I + II)		5,007.47	3,680.68
	Expenses			
(i)	Finance cost	30	1,799.12	1,491.91
(ii)	Fee and commission expenses		99.07	5.63
(iii)	Impairment of financial instruments	31	229.50	183.63
(iv)	Employee benefit expenses	32	1,050.93	616.32
(v)	Depreciation, amortization and impairment	33	90.80	44.20
(vi)	Other expenses	34	405.60	308.01
(IV)	Total Expenses		3,675.02	2,649.70
(V)	Profit/(loss) before tax (III - IV)		1,332.45	1,030.98
(VI)	Tax Expense:			
	(1) Current tax	35	291.45	322.07
	(2) Deferred tax charge/ (credit)	36	51.01	(19.62)
(VII)	Profit/(loss) for the period (V - VI)		989.99	728.53
(VIII)	Other Comprehensive Income			
A)	Items that will not be classified to profit or loss			
	(i) Remeasurement gain/ (loss) of defined benefit plans		(1.28)	(5.06)
	(ii) Tax impact thereon		0.32	1.47
	Subtotal (A)		(0.96)	(3.59)
B)	Items that will be classified to profit or loss			
	(i) Fair value gain/ (loss) on debt instruments measured at FVOCI		(0.25)	17.63
	(ii) Tax impact thereon		0.06	(5.13)
	Subtotal (B)		(0.19)	12.50
	Other Comprehensive Income (A + B)		(1.15)	8.91
(IX)	Total Comprehensive Income for the period (VII + VIII)		988.84	737.44
(X)	Earnings per equity share	37		
	Basic (Rs.)		26.39	23.35
	Diluted (Rs.)		26.39	23.35
Notes on accounts form part of final accounts As per our Report of even date attached		For and on behalf of Board of Directors		
For M/s. N. Sankaran & Co. Chartered Accountants (PRN: 0035905)  M N Prabhakar Partner M.No.207188 Date: May 10, 2020 Place: Chennai		   Dr. Kalpanaa Sankar Managing Director (DIN. 01926545)  L Muralidharan Chief Financial Officer  S. Chandrasekar Wholetime Director (DIN. 02360909)  Sunil Kumar Sahu Company Secretary		

ANNEXURE II
AUDITED CASH FLOW STATEMENT FOR THE 3 (THREE) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS PPOA

BELSTAR MICROFINANCE LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED JUNE 30, 2022

CIN NO-U06599TN1988PLC081652

Regd Office-No 33,48th Street 9th Avenue Ashok Nagar ,Chennai-83

Website:www.belstar.in

(All amounts are in Millions of Indian Rupees, unless otherwise stated)

Particulars	For the Period ended June 30, 2022 (Unaudited)	For the Year ended Mar 31, 2022 (Audited)
Operating activities		
Profit before tax	171.75	561.46
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	26.99	86.39
Impairment on financial instruments	376.12	1,497.50
Finance cost	811.48	2,912.21
Net gain on fair value changes	(4.20)	(7.87)
Interest income on deposits	(62.11)	(163.05)
Operating Profit Before Working Capital Changes	1,320.03	4,886.64
Working capital changes:		
(Increase) / Decrease in Trade receivables	(1.50)	(0.32)
(Increase) / Decrease in Loans	(2,384.64)	(9,220.45)
(Increase) / Decrease in Other financial asset	(59.66)	(10.89)
(Increase) / Decrease in Other non financial asset	(8.65)	(9.73)
(Increase) / (Decrease) in Trade and Other payables	2.69	(4.03)
Increase / (Decrease) in Other liabilities	123.41	232.81
Increase / (Decrease) in Provision	15.53	8.32
Cash flows from/(used in) operating activities before tax	(992.79)	(4,117.65)
Interest paid on borrowings	(870.82)	(3,009.62)
Income tax paid	(80.62)	(399.42)
Net cash flows from/(used in) operating activities	(1,944.23)	(7,526.69)
Investing activities		
Acquisition of fixed and intangible assets	(12.58)	(51.31)
Net gain on fair value changes	4.20	7.87
Investment in fixed deposits	372.39	(103.56)
Interest received on deposits	83.22	128.53
Net cash flows from/(used in) investing activities	447.23	(18.47)
Financing activities		
Proceeds from issue of shares	1,086.70	2,716.14
Net receipts/Payments from borrowings	(565.97)	7,587.22
Interest paid on Lease liabilities	(2.84)	(11.84)
Payment towards Lease liabilities	(14.45)	(37.97)
Dividend paid on equity shares	-	(11.26)
Net cash flows from financing activities	503.44	10,242.29
Net increase in cash and cash equivalents	(993.56)	2,697.13
Cash and cash equivalents at 1st April 2022, 1st April 2021	7,218.36	4,521.23
Cash and cash equivalents at 30th June 2022, 31st March 2022	6,224.80	7,218.36



BELSTAR MICROFINANCE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

	(Rs. In millions)	
Particulars	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Operating activities		
Profit before tax	561.46	570.12
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	86.39	92.55
Impairment on financial instruments	1,497.50	807.55
Finance cost	2,912.21	2,342.37
Net gain on fair value changes	(7.87)	(13.84)
Interest income on deposits	(163.05)	(163.26)
Profit on sale of asset	-	(0.13)
Operating Profit Before Working Capital Changes	4,886.64	3,635.36
Working capital changes		
(Increase) / Decrease in Trade receivables	(0.32)	(1.54)
(Increase) / Decrease in Loans	(9,220.45)	(7,763.27)
(Increase) / Decrease in Other financial asset	(10.89)	232.30
(Increase) / Decrease in Other non financial asset	(9.79)	(0.62)
Increase / (Decrease) in Trade and Other payables	(4.03)	8.05
Increase / (Decrease) in Other liabilities	232.81	(228.43)
Increase / (Decrease) in Provision	8.32	(4.11)
Cash flows from/(used in) operating activities before tax	(4,117.65)	(4,122.26)
Interest paid on borrowings	(3,009.62)	(2,128.22)
Income tax paid	(399.42)	(266.51)
Net cash flows from/(used in) operating activities	(7,526.69)	(6,516.99)
Investing activities		
Acquisition of fixed and intangible assets	(51.31)	(34.19)
Net gain on fair value changes	7.87	13.83
Proceeds from sale of fixed assets	-	0.18
Investment in fixed deposits	(103.56)	167.17
Interest received on deposits	128.53	177.10
Net cash flows from/(used in) investing activities	(15.47)	324.09
Financing activities		
Proceeds from issue of shares	2,716.14	-
Proceeds from / (Repayment) of borrowings	7,587.22	9,065.09
Interest paid on Lease liabilities	(11.84)	(10.33)
Payment towards Lease liabilities	(37.57)	(37.40)
Dividend paid on equity shares	(11.26)	(22.51)
Net cash flows from financing activities	10,242.29	8,994.85
Net increase in cash and cash equivalents	2,697.13	2,801.95
Cash and cash equivalents at 1st April 2021, 1st April 2020	4,521.23	1,719.28
Cash and cash equivalents at March 31, 2022 / March 31, 2021	7,218.36	4,521.23

Notes:

(a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS-7)

Statement of Cash Flow.

(b) For Components of Cash and Cash Equivalents - Refer Note No. 6

The accompanying notes are an integral part of the financial

statements

As per our Report of even date attached

For M/s. Varma & Varma
Chartered Accountants
Firm No. 0045325

P. R. Prasanna Varma
Partner
M. No. 025854

Place: Chennai
Date: April 29, 2022



For and on behalf of Board of Directors

Kalpana Sankar
Dr. Kalpana Sankar
Managing Director
(DIN: 01926545)

B. Balakumaran
B. Balakumaran
Wholesale Director
(DIN: 09099182)

L. Muralidharan
L. Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Sunil Kumar Sahu
Company Secretary



DELSTAR MICROFINANCE LIMITED
(Formerly known as Delstar Investment and Finance Private Limited)
Cash Flow Statement for the year ended March 31, 2021

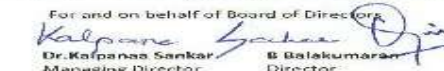
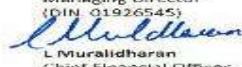
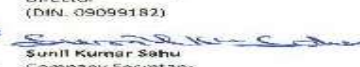
(Rs. In millions)		
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Operating activities		
Profit before tax	574.12	1,332.48
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	92.55	99.80
Impairment on financial instruments	607.55	229.50
Finance cost	2,344.55	1,821.85
Realised gain on investment held for trading	(14.83)	(66.76)
Interest income on deposits	(163.20)	(99.99)
Profit on sale of asset	(0.13)	(0.17)
Operating Profit Before Working Capital Changes	3,632.88	3,407.69
Working capital changes:		
(Increase) / Decrease in Trade receivables	(1.54)	6.86
(Decrease) / Decrease in Loans	(7,763.22)	(4,720.41)
(Decrease) / Decrease in Other financial asset	233.30	(296.62)
(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
Cash flows from/(used in) operating activities before tax	(4,120.67)	(1,123.23)
Interest paid on borrowings	(2,130.41)	(1,893.16)
Income tax paid	(266.51)	(299.72)
Net cash flows from/(used in) operating activities	(6,516.99)	(3,311.11)
Investing activities		
Acquisition of fixed and intangible assets	(34.19)	(73.43)
Acquisition of investment property	-	-
Realised gain on investment held for trading	13.83	66.77
Proceeds from sale of fixed assets	0.18	0.31
Investment in fixed deposits	167.17	(328.92)
Interest received on deposits	172.10	80.02
Net cash flows from/(used in) investing activities	324.09	(285.27)
Financing activities		
Proceeds from issue of shares	-	-
Net receipts/payments from borrowings	2,065.09	3,158.15
Interest paid on lease liabilities	(10.33)	(10.02)
Payment towards lease liabilities	(37.49)	(25.07)
Dividend paid on equity shares	(22.41)	(23.62)
Net cash flows from financing activities	8,994.95	3,100.44
Net increase in cash and cash equivalents	2,801.95	(468.95)
Net foreign exchange difference	-	-
Cash and cash equivalents at 1 April	1,719.28	2,188.23
Cash and cash equivalents at reporting date	4,521.23	1,719.28

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

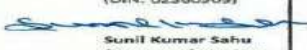
For M/s. N. Sankaran & Co.
Chartered Accountants
(FRN: 0035905)

N. Sankaran
Partner
M.No.2071AB
Date: April 29, 2021
Place: Chennai



For and on behalf of Board of Directors

Dr. Kalpana Sankar
Managing Director
(DIN: 01926545)

L. Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary



BELSTAR MICROFINANCE LIMITED (Formerly known as Belstar Investment and Finance Private Limited) Cash Flow Statement for the period ended March 31, 2020		
	(Rs. in millions)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Operating activities		
Profit before tax	1,332.45	1,030.98
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	90.80	44.20
Impairment on financial instruments	229.50	183.63
Finance cost	1,799.12	1,491.91
Realised gain on investment held for trading	(66.75)	(64.62)
Interest income on deposits	(95.59)	(61.96)
Profit on sale of asset	(0.17)	-
Operating Profit Before Working Capital Changes	3,284.96	2,624.14
Working capital changes		
(Increase) / Decrease in Trade receivables	6.86	(5.54)
(Increase) / Decrease in Loans	(4,720.43)	(5,246.01)
(Increase) / Decrease in Other financial asset	(296.63)	(476.18)
(Increase) / Decrease in Other non financial asset	(17.20)	(4.06)
Increase / (Decrease) in Other liabilities	586.62	354.88
Increase / (Decrease) in Provision	9.88	11.63
Cash flows from/(used in) operating activities before tax	(1,145.97)	(2,741.14)
Interest paid on borrowings	(1,868.43)	(1,408.56)
Income tax paid	(299.72)	(386.99)
Net cash flows from/(used in) operating activities	(3,314.12)	(4,536.69)
Investing activities		
Acquisition of fixed and intangible assets	(73.43)	(58.09)
Acquisition of investment property	-	-
Realised gain on investment held for trading	66.75	64.62
Proceeds from sale of fixed assets	0.31	0.03
Investment in fixed deposits	(328.92)	(355.66)
Interest received on deposits	80.02	50.23
Net cash flows from/(used in) investing activities	(255.27)	(298.87)
Financing activities		
Proceeds from issue of shares	-	2,002.95
Net receipts/payments from borrowings	3,158.15	3,689.31
Interest paid on Lease liabilities	(10.02)	-
Payment towards Lease liabilities	(25.07)	-
Dividend paid on equity shares	(22.62)	-
Net cash flows from financing activities	3,100.44	5,697.26
Net increase in cash and cash equivalents	(468.95)	861.70
Net foreign exchange difference	-	-
Cash and cash equivalents at 1 April	2,188.23	1,326.53
Cash and cash equivalents at reporting date	1,719.28	2,188.23
Notes on accounts form part of final accounts As per our Report of even date attached		
For and on behalf of Board of Directors For M/s. N. Sankaran & Co. Chartered Accountants (Firm No. 0035905)  M N Prabhakar Partner M.No. 207188 Date: May 10, 2020 Place: Chennai   Dr. Kalpana Sankar Managing Director (DIN. 01926545)  Dr. Kalpana Sankar Chief Financial Officer S. Chandrasekar Wholetime Director (DIN. 02360909)  Sunil Kumar Sahu Company Secretary		

ANNEXURE III
COPY OF BOARD RESOLUTION AND COMMITTEE RESOLUTION
BOARD RESOLUTION:



CERTIFIED TRUE COPY OF THE EXTRACT FROM THE MINUTES OF THE SEVENTH MEETING OF THE BOARD OF DIRECTORS OF BELSTAR MICROFINANCE ("THE COMPANY") ("THE COMPANY") HELD ON MONDAY, JANUARY 31, 2022, BETWEEN 2.00 P.M. AND 05.45 P.M. AT THE CORPORATE OFFICE M V SQUARE, NO 4/14, SOUNDARAPANDIAN STREET, ASHOK NAGAR, CHENNAI- 600083 THROUGH VIDEOCONFERENCING

Authorization to Issue Secured /Unsecured Non-Convertible Debentures up to Rs. 700 Crs. on Private placement basis

"RESOLVED THAT pursuant to the provisions of Sections 42, 71 and 179(3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company and pursuant to SEBI (Issue and Listing of Debt Securities) Regulations, 2015 and other applicable SEBI rules and regulations, and subject to the provision of relevant directions, rules and regulations issued by Reserve Bank of India and subject to the approval of the members at a General Meeting, the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include the Finance Committee constituted by the Board to exercise its powers including the powers conferred by this Resolution) be and is hereby authorised to issue, offer and allot secured/ unsecured listed/unlisted /perpetual / Principal protected market linked Non-Convertible Debentures ("Debentures") including but not limited to subordinated Debentures qualifying as Tier -II debt in terms of relevant RBI regulations up to an aggregate amount of Rs.700,00,00,000/- (Rupees Seven Hundred Crores only) to the eligible investors identified by the Board from time to time on a private placement basis in one or more tranches on the terms and conditions as the Board may deem fit wherever necessary, in consultation with lead manager(s), financial, advisor(s), underwriter(s), legal advisor(s) and/ or any other agency(ies) which the Board may deem fit and appropriate, however at any given point of time the aggregate limit of funds raised/ to be raised by the Company, including issue of Debentures shall not exceed the overall borrowing limits of the Company under Section 180(1)(c) of the Companies Act 2013."

"RESOLVED FURTHER THAT the Finance Committee of the Board of Directors of the Company be and is hereby authorised to:

- (i) to do all such acts, deeds and things as they may deem necessary or desirable in connection with the issue, offer and allotment of the Debentures.
- (ii) seeking, if required, any approval, consent or waiver from any/all concerned government and regulatory authorities, and/or any other approvals, consent or waivers that may be required in connection with the issue, offer and allotment of the Debentures;
- (iii) negotiate, approve of and decide the terms and conditions of the issue of Debentures including the offer schedule for each series of the Debentures;
- (iv) execute the term sheet;
- (v) finalize terms and conditions of the appointment of an arranger, a debenture trustee, a registrar and transfer agent, a credit rating agency, a depository and such other intermediaries as may be required to be appointed, including their successors and their agents;
- (vi) authorize the maintenance of a register of holders of the Debentures;
- (vii) make offer, issue the private placement offer letter for each series of Debentures and accept the



Continuation....

- funding of the subscription amounts for each series of Debentures in accordance with the offer schedule prescribed in the Transaction Documents (defined below);
- (viii) finalize the date of allocation, date of each offer for each series of Debentures, and the deemed dates of allotment for each series of Debentures;
 - (ix) negotiate, execute, file and deliver any documents, instruments, deeds, amendments, papers, applications, notices or letters as may be required in connection with the Issue and deal with regulatory authorities in connection with the Issue including but not limited to SEBI, Registrar of Companies, Ministry of Corporate Affairs, National Company Law Tribunal, and such other authorities as may be required;
 - (x) setting up of the Debenture Redemption Reserve in accordance with the Companies Act, 2013 and rules made thereunder and other applicable laws;
 - (xi) to generally do any other act or deed, to negotiate and execute any documents, applications, agreements, undertakings, deeds, affidavits, declarations and certificates and to give such directions as it deems fit or as may be necessary or desirable with regard to this Issue;
 - (xii) to execute all documents, file forms with the Registrar of Companies,
 - (xiii) obtain In principle Approval and final listing/trading approval from the stock exchange and obtain ISIN from the Depositories
 - (xiv) sign and/or despatch all documents and notices to be signed and/or despatched by the Company under or in connection with the Transaction Documents;
 - (xv) to take all steps and do all things and give such directions as may be required, necessary, expedient or desirable for giving effect to the Transaction Documents, the transactions contemplated therein and the resolutions mentioned herein;
 - (xvi) buyback /reissue of NCDs so issued, before its maturity
 - (xvii) including without limitation, approve, negotiate, sign, execute, amend, supplement and / or issue the following:
 - a) information memorandums and the private placement offer letters or the Issue (the **Disclosure Documents**)
 - b) the memorandum of understanding between the Company and the registrar and transfer agent;
 - c) debenture trust deed, debenture trustee agreement and any other document in relation thereto (collectively, the **Transaction Documents**);
 - d) any other documents required for the purposes of the Issue and the transactions contemplated thereby, including but not limited to letters of undertaking, declarations, agreements, reports; and
 - e) any other document designated as a transaction document by the debenture trustee.
 - (xviii) do all acts necessary for the proposed listing of the Debentures in accordance with the terms set out in the Disclosure Documents and the Transaction Documents; and
 - (xix) do all other acts, deeds and things as may be deemed necessary to give effect to the foregoing and the other terms of this resolution."

"RESOLVED FURTHER THAT the Finance Committee of the Board be and is hereby authorised to allot NCDs to the eligible investors/applicants to the NCDs, the categories of which are more specifically provided in the disclosure documents."

"RESOLVED FURTHER THAT Mr. L. Muralidharan, Chief Financial Officer, Mr. Ajeethdoss, General Manager, Finance and Mr. Sunil Kumar Sahu, Company Secretary (**Authorised Signatories**) be and are hereby authorised severally to sign and execute and deliver, on behalf of the Company, the disclosure documents, including the information memorandums and/or the private placement offer letters (PAS-4) in relation to the Issue as set out in this resolution and such other agreements, deeds, undertakings, indemnity and documents as may be required by the debenture trustee, or any of them in connection with the Debentures to be issued by the Company."



Continuation

"RESOLVED FURTHER THAT the above-mentioned Authorised Signatories be and are hereby severally authorized to register or lodge for registration upon execution documents, letter(s) of undertakings, declarations, and agreements and other papers or documents as may be required in relation to any of the above with any registering authority or governmental authority competent in that behalf."

/CERTIFIED TRUE COPY/

For Belstar Microfinance Limited



Sunil Kumar Sahu
Company Secretary
M: A39022

SVS Mansion Room No 55, New no-5, Irrussappa Street,
Icehouse, Triplicane, Chennai-600005

Date: 31.01.2022
Place: Chennai

COMMITTEE RESOLUTION:



BELSTAR MICROFINANCE LIMITED
A Subsidiary of Muthoot Finance Limited

+91 44 43414567 / 43414511 | www.belstar.in | bmi@belstar.in

Registered Office: No 33, 48th Street, 9th Avenue, Ashok Nagar, Chennai- 600083

Corporate office: M V Square, No 4/14, Soundarapandian Street, Ashok Nagar, Chennai- 600083

CIN: U06599TN1988PLC081652

CERTIFIED TRUE COPY OF THE EXTRACT FROM THE MINUTES OF THE FIFTH MEETING OF FINANCE COMMITTEE ("COMMITTEE") OF THE BOARD OF DIRECTORS OF BELSTAR MICROFINANCE ("COMPANY") FOR THE FINANCIAL YEAR 2022-23 HELD ON TUESDAY, OCTOBER 25, 2022, BETWEEN 10.00 A.M. AND 10.30 A.M. AT THE CORPORATE OFFICE M V SQUARE, NO 4/14, SOUNDARAPANDIAN STREET, ASHOK NAGAR, CHENNAI- 600083

TO APPROVE THE TERMS OF NON-CONVERTIBLE MARKET LINKED DEBENTURES

"RESOLVED THAT pursuant to the powers conferred upon the Committee in terms of the resolution of the Board of Directors of the Company dated January 31, 2022, and as approved by the Board of Directors of the Company by way of the aforementioned resolution and pursuant to the provisions of the Memorandum and Articles of Association of the Company, the applicable provisions of the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and any other rules made thereunder, including any statutory modifications or re-enactments thereof for the time being in force (the "Act"), the Foreign Exchange Management Act, 1999 (as amended from time to time), rules, regulations, guidelines, notifications, clarifications and circulars, if any, prescribed by the Government of India, all applicable regulations, directions, guidelines, circulars and notifications of the Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), including the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the SEBI circular bearing the reference number SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 on "Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper", each as amended, modified or restated from time to time, or any other regulatory authority, whether in India or abroad, and in accordance with the listing agreements entered into with the stock exchanges (the "Stock Exchanges") where the securities of the Company may be listed, and subject to approvals, consents, sanctions, permissions as may be required from any appropriate statutory and regulatory authorities, the approval of the Committee be and is hereby accorded :

- (a) for the offer and issue of 3,000 (three thousand) rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures denominated in Indian Rupees ("INR"), each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of INR 300,00,00,000 (Indian Rupees Three Hundred Crore) inclusive of a green shoe option of 500 (five hundred) rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures denominated in INR, each having a face value of INR 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of INR 50,00,00,000 (Indian Rupees Fifty Crore) or such other number, face value or amounts as may be determined by the Company ("Debentures" or "NCDs") on a private placement basis (the "Issue"), at a coupon rate linked to the yield of the 6.54% GS 2032, having ISIN IN0020210244 and maturing on January 17, 2032, as published by Financial Benchmarks India Private Limited (available at www.fbiil.org.in) or such other reference index ("Reference Index") as may be agreed with the Investors (as defined below), wherein the annualised interest/coupon rate shall be determined on the basis of the yield of the Reference Index as on any date of determination in accordance with the Transaction Documents (as defined below) and in the manner prescribed in the Transaction Documents or such other interest/coupon rate as may be agreed, payable at redemption or at such other interest

periods as may be agreed, subject to deduction of taxes at source in accordance with applicable law, with or without gross up, and for a period of 24 (twenty four) months or such other maturity period/tenure as may be determined, at par, on a private placement basis to such persons/entities as may be identified for the purposes of Section 42 of the Act (including without limitation, financial institutions, qualified institutional investors and high-net worth individuals) ("**Investor(s)**") for raising debt for raising debt for general corporate purposes of the Company, for utilisation in the ordinary course of business of the Company (including repayment/re-financing of any existing financial indebtedness of the Company), and for deployment in the business of the Company, and the growth of the asset book of the Company, and/or for such other purposes as may be agreed with the Investor(s); and

- (b) to secure the amounts to be raised pursuant to the issue of Debentures together with all interest and other amounts thereon to be secured (up to such limits and security cover as may be agreed) by one or more of the following (i) hypothecation of certain identified loans/book debts (and/or other assets) of the Company, and/or (ii) such other security or contractual comfort as may be required in terms of the issuance of the Debentures (the "**Transaction Security**")."

RESOLVED FURTHER THAT Mr. L. Muralidharan, Chief Financial Officer, Mr. Ajeethdoss, General Manager, Finance and Mr. Sunil Kumar Sahu, Company Secretary ("**Authorised Persons**") be and are hereby severally authorised to do all such acts, deeds and things as they deem necessary or desirable in connection with the offer, issue, and allotment of the Debentures, including, without limitation the following:

- (i) seeking, if required, any approval, consent or waiver from any/all concerned government and regulatory authorities and any other person, and/or any other approvals, consent or waivers that may be required in connection with the offer, issue and allotment of the Debentures;
- (ii) to negotiate, approve of and decide the terms and conditions of the issue of Debentures;
- (iii) to execute the term sheet in relation to the Debentures;
- (iv) seeking the listing of any of the Debentures on any Stock Exchange, submitting the listing application and taking all actions that may be necessary in connection with obtaining such listing;
- (v) to finalize terms and conditions of the appointment of an arranger, a debenture trustee, a registrar and transfer agent, legal counsel, a credit rating agency, a depository, a valuation agent, and such other intermediaries as may be required to be appointed, including their successors and their agents;
- (vi) preparing and finalising (including amending, varying or modifying the same, as may be considered desirable or expedient) the Disclosure Documents (as defined below), in accordance with all applicable laws, rules, regulations and guidelines, and approving the Disclosure Documents;
- (vii) to accept the funding of the subscription amounts for the Debentures in accordance with the Transaction Documents (as defined below);
- (viii) finalising the deemed date of allotment for the Debentures;
- (ix) finalisation of the terms of, and completing all applicable requirements for the offer, issue and allotment of the Debentures;

- (x) entering into arrangements with the depositories in connection with issue of Debentures in dematerialised form;
- (xi) creating and perfecting the Transaction Security as required in accordance with the terms of the Transaction Documents (as defined below) in relation to the offer, issue and allotment of the Debentures;
- (xii) negotiate, execute, file and deliver any documents, instruments, deeds, amendments, papers, applications, notices or letters as may be required in connection with the offer, issue and allotment of the Debentures and deal with regulatory authorities in connection with the offer, issue and allotment of the Debentures including but not limited to the RBI, SEBI (if so required), any Stock Exchange, the relevant registrar of companies, the Central Registry of Securitisation Asset Reconstruction and Security Interest, the Ministry of Corporate Affairs, or any depository, and such other authorities as may be required;
- (xiii) (if so required) setting up of the Debenture Redemption Reserve in accordance with the Companies Act, 2013 and rules made thereunder and other applicable laws;
- (xiv) to generally do any other act or deed, to negotiate and execute any documents, applications, agreements, undertakings, deeds, affidavits, declarations and certificates and to give such directions as it deems fit or as may be necessary or desirable with regard to the offer, issue and allotment of the Debentures;
- (xv) to execute all documents with, file forms with and submit applications to any Stock Exchange, the relevant registrar of companies, the Ministry of Corporate Affairs, Central Registry of Securitisation Asset Reconstruction and Security Interest or any depository,
- (xvi) to obtain in principle approval and final listing/trading approval from the relevant Stock Exchange and obtain the International Securities Identification Number (ISIN) from the depositories;
- (xvii) to sign and/or dispatch all documents and notices to be signed and/or dispatched by the Company under or in connection with the Transaction Documents;
- (xviii) (if so required) to buyback/reissue the Debentures before their maturity;
- (xix) create the recovery expense fund in accordance with the SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 on "*Contribution by Issuers of listed or proposed to be listed debt securities towards creation of "Recovery Expense Fund"*" read with any guidance note(s) issued by the Stock Exchange(s) in this regard;
- (xx) to take all steps and do all things and give such directions as may be required, necessary, expedient or desirable for giving effect to the Transaction Documents, the transactions contemplated therein and the resolutions mentioned herein, including without limitation, to approve, negotiate, finalise, sign, execute, ratify, amend, supplement and/or issue the following, including any amendments, modifications, supplements, restatements or novations thereto (now or in the future):
 - (A) debt disclosure document/placement memorandum and the private placement offer cum application letter for the offer, issue and allotment of the Debentures (collectively, the "**Disclosure Documents**");

- (B) the memorandum of understanding between the Company and the registrar and transfer agent;
 - (C) the debenture certificate(s) for the Debentures (if required);
 - (D) the debenture trust deed, the debenture trustee agreement, the deed of hypothecation, and any other documents required for the creation of security interest over the Company's movable properties and assets or the providing of any contractual comfort, or the offer, issue and allotment of the Debentures (including any powers of attorney in connection thereto), and any other document in relation thereto (together with the Disclosure Documents, the "**Transaction Documents**");
 - (E) any other documents required for the purposes of the offer, issue and allotment of the Debentures and the transactions contemplated thereby, including but not limited to letters of undertaking, declarations, agreements, reports; and
 - (F) any other document designated as a Transaction Document by the debenture trustee/holders of the Debentures;
- (xxi) do all acts necessary for the finalisation of the terms of, and completing all applicable requirements for the offer, issue and allotment of the Debentures and the proposed listing of the Debentures in accordance with the terms set out in the Transaction Documents; and
- (xxii) to generally do any other act or deed, to negotiate and execute any documents, applications, agreements, undertakings, deeds, affidavits, declarations and certificates in relation to the offer, issue and allotment of the Debentures, and to give such directions as it deems fit or as may be necessary or desirable with regard to the finalisation of the terms of, and completing all applicable requirements for the offer, issue and allotment of the Debentures."

"RESOLVED FURTHER THAT the Authorised Persons be and are hereby severally authorised to take all necessary steps relating to the creation, perfection and registration of charges and also to sign and submit the necessary forms in relation to the Transaction Security and/or the offer, issue and allotment of the Debentures with any Stock Exchange, the jurisdictional registrar of companies, the Central Registry of Securitisation Asset Reconstruction and Security Interest, the Ministry of Corporate Affairs, or any depository, and other relevant governmental authorities."

"RESOLVED FURTHER THAT the Committee hereby approves and ratifies all such acts, deeds and actions taken by the Company till date for the purpose of the offer, issue and allotment of the Debentures."

"RESOLVED FURTHER THAT the Authorised Persons be and are hereby severally authorised to record the name of the holders of the Debentures in the register of debenture holders and to undertake such other acts, deeds and acts as may be required to give effect to finalisation of the terms of, and completing all applicable requirements for, the offer, issue and allotment of the Debentures and the listing of the Debentures."

"RESOLVED FURTHER THAT the Company be and is hereby authorised to open any bank accounts with such bank(s) in India as may be required in connection with the offer, issue and allotment of the Debentures and that the Authorised Persons be and are hereby severally authorised to sign and execute the application form and other documents required for opening the said account(s), to operate such account(s), and to give such instructions including closure thereof as may be required and deemed appropriate by them, and that such bank(s) be and is/are hereby authorised to honour

all cheques and other negotiable instruments drawn, accepted or endorsed and instructions given by any of the aforesaid Authorised Persons on behalf of the Company."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to pay all stamp duty required to be paid for the offer, issue and allotment of the Debentures, including through any intermediaries such as the Stock Exchanges, clearing corporations or any depositories that may be authorised in this regard, in accordance with the laws of India and procure the stamped documents from the relevant governmental authorities."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to approve and finalise, sign, execute and deliver the Transaction Documents and such other agreements, deeds, undertakings, indemnity and documents as may be required, or any of them in connection with the Debentures to be issued by the Company."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to register or lodge for registration upon execution documents, letter(s) of undertakings, declarations, and agreements and other papers or documents as may be required in relation to any of the above with any registering authority or any governmental authority competent in that behalf."

"**RESOLVED FURTHER THAT** the Authorised Persons be and are hereby severally authorised to delegate the powers to any other employee/representative/agent as may be deemed necessary to do such acts and execute such documents as may be required in connection with any of the matters relating to finalization of the terms of, and completing all applicable requirements for the offer, issue and allotment of the Debentures."

"**RESOLVED FURTHER THAT** the copies of the foregoing resolutions certified to be true copies by any Director or Company Secretary of the Company be furnished to such persons as may be deemed necessary."

/CERTIFIED TRUE COPY/

For Belstar Microfinance Limited



**Sunil Kumar Sahu
Company Secretary
M: A39022**

**Date: October 25, 2022
Place: Chennai**

ANNEXURE IV COPIES OF SHAREHOLDERS' RESOLUTIONS



BELSTAR MICROFINANCE LIMITED
(Formerly known as Belstar Investment and Finance Private Limited)
A Subsidiary of Muthoot Finance Limited

+91-44-43414567 / 43414511 | www.belstar.in | bml@belstar.in

Registered Office : No 33, 48th Street,
9th Avenue, Ashok Nagar,
Chennai - 600083
Corporate office : M V Square, No 4/14,
Soundarapandian Street, Ashok Nagar,
Chennai - 600083
CIN:U06599TN1988PLC081652

CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED AT THE 33RD ANNUAL GENERAL MEETING OF BELSTAR MICROFINANCE LIMITED (Formerly known as Belstar Investment and Finance Pvt Ltd) ("THE COMPANY") ("THE COMPANY") HELD ON WEDNESDAY, SEPTEMBER 29, 2021, AT 03.00 P.M AT THE CORPORATE OFFICE M V SQUARE, NO 4/14, SOUNDARAPANDIAN STREET, ASHOK NAGAR, CHENNAI-600083 M THROUGH VIDEO CONFERENCING ('VC')/OTHER AUDIO-VISUAL MEANS ('OAVM')

APPROVE POWER TO BORROW FUNDS NOT EXCEEDING ₹ 7,000 CRORES

"RESOLVED THAT in partial modification of the earlier resolution passed by the members of the Company at the 31st Annual General Meeting held on September 23, 2019 and pursuant to the provisions of Sections 180(1)(c), 42, 71 of the Companies Act, 2013 and all other applicable provisions if any, of any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) applicable regulations of Reserve Bank of India, in terms of Articles of Association of the Company, and any other applicable regulation, if any the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) to borrow for the purpose of the business of the Company from time to time any sum(s) of money(s), long term or short term, fund based or non-fund based, in Indian Rupee or in any foreign currency, unsecured or secured by mortgage, charge, Hypothecation, lien, pledge or otherwise of the Company's assets and properties for and on behalf of the Company by way of loan(s), financial assistance(s), commercial paper(s), senior note(s), rupee denominated funds, off shore markets, issuance of in whatever name called from bank(s), banking company(ies), financial institution(s), corporate(s), person(s) by way of invitation, offer, issue and allotment of redeemable non-convertible debenture(s), subordinated debt(s), security(ies), debt security(ies), commercial papers(s), convertible or non-convertible or partly convertible at premium or at discount, in one or more on private placement basis as well as public issue from any or all the Entity(ies) [the term 'Entity' shall be deemed to include, individuals, Firms, Banks, Institutional Investors, Foreign Institutional Investors ("FIIs"), Foreign Portfolio Investors ("FPIs"), Qualified Institutional Buyers ("QIBs"), Financial Institutions ("FIs"), Statutory Corporations, Statutory Bodies, Trusts, Provident Funds, Pension Funds, Superannuation Funds, Gratuity Funds, Alternate Investment Funds, Insurance Companies, Companies, Societies, Educational Institutions, Association of Persons, Body of Individuals, Scientific and Research Organizations/Associations, Partnerships, Firms, Limited Liability Partnerships, Resident Individuals, Non Resident Individuals ("NRIs"), High Net worth Individuals ("HNIs"), Hindu Undivided Families ("HUFs"), Shareholders, Members, Employees, Director(s)/Key Managerial Personnel(s) ("KMP"), Relatives of Director(s)/ KMP(s), Related Party(ies) any person/institution as the Board may decide from time to time separately or any combination thereof by any permissible methods as the Board may decide including but not limited to shelf prospectus, prospectus, information memorandum, shelf disclosure document, offer document, any other document or otherwise and by way of acceptance of deposits/loans from any or all of the Entity(ies) referred above, any combination thereof and by way of any other permissible instruments or methods of borrowings on such terms and conditions as the Board may deem fit notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company, apart from temporary loans obtained and/or to be obtained from the Company's bankers in the ordinary course of business will or may exceed the aggregate of the paid up share capital, free reserves and securities premium of the Company so that the total amount outstanding at any point of time shall not exceed ₹ 7,000 crores (Rupees Seven thousand crores)."



Continuation....

"RESOLVED FURTHER THAT the Board be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may, in its absolute discretion, think fit."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

/CERTIFIED TRUE COPY/

For Belstar Microfinance Limited

**Sunil Kumar Sahu
Company Secretary**

M: A39022

**SVS Mansion Room No 55, New no-5, Irrussappa Street,
Icehouse, Triplicane, Chennai-600005**

**Date: 29.09.2021
Place: Chennai**



CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED AT THE 33RD ANNUAL GENERAL MEETING OF BELSTAR MICROFINANCE LIMITED (Formerly known as Belstar Investment and Finance Pvt Ltd) ("THE COMPANY") ("THE COMPANY") HELD ON WEDNESDAY, SEPTEMBER 29, 2021, AT 03.00 P.M AT THE CORPORATE OFFICE M V SQUARE, NO 4/14, SOUNDARAPANDIAN STREET, ASHOK NAGAR, CHENNAI-600083 M THROUGH VIDEO CONFERENCING ('VC')/OTHER AUDIO-VISUAL MEANS ('OAVM')

APPROVE THE POWER TO CREATE CHARGE/MORTGAGE/HYPOTHECATION ON THE ASSETS OF THE COMPANY

"RESOLVED THAT in partial modification of the earlier Resolution passed by the members of the Company at the 31st Annual General Meeting held on September 23, 2019 and pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and all other applicable provisions if any of any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) applicable regulations of Reserve Bank of India, in terms of Articles of Association of the Company, and any other applicable regulation, if any the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "**the Board**") which term shall be deemed to include any Committee which the Board may constitute for this purpose) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the substantial assets of the Company in certain events in favour of Banks/Financial institutions, other investing agencies (hereinafter referred to as the "Lending Agencies") and Trustees for the holders of debentures/ bonds/other instruments to secure borrowings of the Company availed / to be availed by way of rupee term loans/foreign currency loans, debentures, bonds and other instruments provided that the total amount of such loans/borrowings shall not exceed at any time the limits approved under section 180(1)(c) of the Companies Act, 2013.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or any Committee thereof be and is hereby authorized to finalize, settle and execute such documents /deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage / charge as aforesaid."

/CERTIFIED TRUE COPY/

**Date: 29.09.2021
 Place: Chennai**

For Belstar Microfinance Limited


Sunil Kumar Sahu
Company Secretary
M: A39022
SVS Mansion Room No 55, New no-5, Irrussappa Street,
Icehouse, Triplicane, Chennai-600005



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no 4. Appointment of Mr. B Balakumaran (DIN: 09099182) as a Director of the Company

Pursuant to Sections 161 of the Companies Act 2013, Mr. B Balakumaran (DIN: 09099182), who is representing the promoter was appointed as an Additional Director of the Company with effect from April 29, 2021. In terms of Section 161 of the Companies Act, 2013, Mr. B Balakumaran holds office up to the date of ensuing Annual General Meeting.

Mr. B Balakumaran is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Accordingly, the Board recommends the passing of the Ordinary Resolution as set out in the Item no. 5 of the Notice for appointment of **Mr. B Balakumaran** as a Director

Except **Mr. B Balakumaran** being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution except and to the extent they are member of the Company.

Item no. 5 - Revision in remuneration of Dr. (Mrs.) Kalpanaa Sankar (DIN: 01926545), Managing Director of the Company

The Nomination and Remuneration Committee, in its meeting held on June 21 2021, recommended to the Board and the Board of Directors, in its meeting held on July 23, 2021, approved the payment of revised remuneration to Dr. (Mrs.) Kalpanaa Sankar (holding DIN:01926545), Managing Director of the Company w.e.f. 1st June 2021, as detailed in the resolution, subject to the approval of the shareholders in the Annual General Meeting.

In the event of inadequacy of profits or no profits, the Company will pay the above remuneration as minimum remuneration to Dr. (Mrs.) Kalpanaa Sankar, Managing Director, subject to the limits laid down in the Companies Act, 2013 (**"the Act"**).

The resolution for revision in remuneration were approved by the Board based on the industry standards and the responsibilities handled by the Managing Director of the Company.

The aforesaid resolutions for revision in remuneration payable to Dr. (Mrs.) Kalpanaa Sankar may further be varied, altered or modified as may be agreed to by the Board of Directors and Dr. (Mrs.) Kalpanaa Sankar, in the light of any amendment/ modification of the Act, or any re-enactment thereof within the limits provided under the Act.

The Board recommends for the approval of members, the resolutions as set out at Item No. 5 as a Special Resolution. None of the Directors and Key Managerial Personnel are interested in the resolutions set out in Item nos.5, except Dr. (Mrs.) Kalpanaa Sankar.

ANNEXURE V RELATED PARTY TRANSACTIONS

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statement

46: Related Party Disclosures
Relationship

Key Management Personnel	Dr. (Mrs.) Kalpanaa Sankar (Managing Director) Mr. K.B Balakumaran (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. Vijay Nallan Chakravarthi (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)
Enterprises owned or significantly influenced by key management personnel or their relatives	1. Hand in Hand Consulting Services Private Ltd 2. Hand in Hand India 3. Hand in Hand Academy for Social Entrepreneurship 4. Muthoot Securities Limited 5. Muthoot Marketing Services Private Limited. 6. Muthoot Vehicle and Asset Finance Limited.
Holding Company	Muthoot Finance Limited
Fellow Subsidiary	1. Muthoot Homefin (India) Limited. 2. Muthoot Insurance Brokers Private Limited
Entities holding substantial interest	1. Sarvam Financial Inclusion Trust 2. Maj Invest Financial Inclusion Fund II K/S 3. Arum Holdings Limited
Relatives of Key Management Personnel	1. Alexander George 2. George M George 3. George Alexander 4. Sara George 5. George Jacob 6. George Thomas 7. CV Sankar 8. Bindu Dandapani.



Related Party transactions during the year:

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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Insurance premium collection paid	-	-	-	122.58	-	-	-	-	-	-	-	-
Loan received	-	-	70.00	-	-	1,250.00	-	-	-	-	-	-
Loan Repaid	-	-	-	-	16.13	1,210.96	-	-	-	-	-	-
NCD's Received	-	-	-	200.00	-	-	-	-	-	-	500.00	-
NCD's Repaid	-	-	65.57	-	-	100.00	-	-	-	-	-	-
Issue of equity shares (including share premium)	280.00	-	-	-	-	-	2,470.00	-	-	-	-	-
Services rendered	-	-	22.19	16.72	-	-	-	-	-	-	-	-
Services received	-	-	0.95	3.38	-	-	-	-	-	-	-	-
Dividend paid on Equity Shares	7.88	15.76	0.13	0.26	-	-	3.22	6.43	0.03	0.06	0.00	-
Interest paid on NCD	-	-	36.15	13.86	8.40	23.32	-	-	-	-	41.29	34.73
Interest paid on Loan	-	-	0.91	-	3.98	57.22	-	-	-	-	-	-
Processing fee on account of loan availed	-	-	-	2.00	-	0.98	-	-	-	-	-	-
Arranger fee	-	-	5.00	0.98	-	-	-	-	-	-	-	-
Consultancy services availed for training	-	-	15.63	19.23	-	-	-	-	-	-	-	-
Corporate Social Responsibility	-	-	19.40	15.00	-	-	-	-	-	-	-	-
Remuneration to	-	-	-	-	-	-	-	-	-	-	-	-
Executive Director's	-	-	-	-	-	-	-	-	15.15	14.18	-	-
Non Executive Director's	-	-	-	-	-	-	-	-	9.19	4.24	-	-
Salary & Perquisite*	-	-	-	-	-	-	-	-	7.17	5.69	-	-
Balance outstanding as at the year end:	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payable	-	-	1.61	1.61	0.17	0.28	-	-	-	-	6.49	2.76
Receivables	-	-	2.48	3.14	-	-	-	-	-	-	-	-
Loan	-	-	70.00	-	22.91	39.04	-	-	-	-	-	-
NCD's	-	-	252.00	200.00	70.00	70.00	-	-	-	-	740.00	240.00

* Salary & Perquisite includes salary to CFO & Company Secretary

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.

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.



BELSTAR MICROFINANCE LIMITED
(Formerly known as Belstar Investment and Finance Private Limited)
Notes to financial statements for the period ended March 31, 2021

42: Related Party Disclosures
Relationship

Key Management Personnel	Dr. (Mrs.) Kalpanaa Sankar (Managing Director) Mr. Sitaraman Chandrasekar (Executive Director) Mr. George Alexander (Investor Director) Mr. George Muthoot Jacob (Investor Director) Mr. Kuttikkattu Rajappan Bijimon (Investor Director) Mr. David Arthur 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)
Enterprises owned or significantly influenced by key management personnel or their relatives	1. Hand in Hand Consulting Services Pvt Ltd 2. Hand in Hand Inclusive Development & 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
Holding Company	Muthoot Finance Limited
Fellow Subsidiary	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
Entities holding substantial interest	1. Sarvam Financial Inclusion Trust (previously known as Sarvam Mutual Benefit Trust, Kancheepuram) 2. Maj Invest Financial Inclusion Fund II K/S
Relatives of Key Management Personnel	1. George Alexander Muthoot 2. George Jacob Muthoot 3. George Thomas Muthoot 4. CV Sankar 5. Bindu Dandapani



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	0.45	-	-	-	-	-	-	-	-
Insurance premium collection paid	-	-	127.58	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	18.18	0.28	3.28	-	-	6.48	2.28	0.06	0.05	-	-
Interest on KMD paid	-	-	13.86	-	23.52	23.40	-	-	-	-	34.73	9.65
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	8.15	-	-	-	-	-	-	-	-
Corporate Social Responsibility	-	-	15.00	10.46	-	-	-	-	-	-	-	-
Sitting fee	-	-	-	-	-	-	-	-	4.24	4.36	-	-
Balance outstanding as at the year end:	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payable	-	-	1.61	-	0.28	-	-	-	-	-	7.76	-
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	3.14	0.96	-	-	-	-	-	-	-	-
Term loan	-	-	-	-	39.04	-	-	-	-	-	-	-
Subordinated Debts	-	-	200.00	-	70.00	170.00	-	-	-	-	240.00	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	(Rs. in millions)	
	March 31, 2021	March 31, 2020
Short-term employee benefits	19.87	23.69
Total	19.87	23.69

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.



(Formerly known as Belstar Investment and Finance Private Limited)
Notes to financial statements for the period ended March 31, 2020

42: Related Party Disclosures
Relationship

Key Management Personnel	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)
Enterprises owned or significantly influenced by key management personnel or their relatives	1. Hand in Hand Consulting Services Pvt Ltd 2. Hand in Hand Inclusive Development & Services 3. Hand in Hand India 4. Socio Economic and Educational Development Trust 5. Muthoot securities limited 6. Sahasankha Advisory and Consulting Services Private Limited 7. Hand in Hand Academy for Social Entrepreneurship
Holding Company	Muthoot Finance Limited
Fellow Subsidiary	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
Entities holding substantial interest	1. Sarvam Financial Inclusion Trust (previously known as Sarvam Mutual Benefit Trust, Kancheepuram) 2. Maj Invest Financial Inclusion Fund II K/S
Relatives of Key Management Personnel	1. George Alexander Muthoot 2. George Jacob Muthoot 3. George Thomas Muthoot



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, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Towards loan repayment collections, reimbursement of expenses and loan recoveries for employees transferred	-	-	0.13	0.06	-	-	-	-	-	-	-	-
Insurance premium collection paid	-	-	50.47	-	-	-	-	-	-	-	-	-
Towards purchase of SHG Loan Portfolio	-	-	50.39	367.22	-	-	-	-	-	-	-	-
Term loan repaid	-	79.67	-	-	-	-	-	-	-	-	-	-
Subordinated Debts	-	-	-	-	-	-	-	-	-	-	240.00	-
Issue of equity shares (including share premium)	-	1,368.20	-	-	-	-	-	649.99	-	-	-	-
Services rendered	-	-	5.86	-	-	-	-	-	-	-	-	-
Services received	-	-	26.53	1.32	-	0.46	-	-	-	-	-	-
Dividend paid on Equity Shares	13.13	-	3.29	-	-	-	2.29	-	0.05	-	-	-
Interest on NCD paid	-	-	-	-	23.40	23.40	-	-	-	-	8.65	-
Finance cost on Account of term loan availed	-	3.09	-	-	-	-	-	-	-	-	-	-
Arranger fee	-	-	1.20	-	-	-	-	-	-	-	-	-
Consultancy services availed for training	-	-	8.19	1.35	-	-	-	-	-	-	-	-
Corporate Social Responsibility	-	-	10.46	5.00	-	-	-	-	-	-	-	-
Sitting fee	-	-	-	-	-	-	-	-	4.36	3.48	-	-
Balance outstanding as at the year end:	-	-	-	-	-	-	-	-	-	-	-	-
Payables	-	-	-	1.42	-	-	-	-	-	-	-	-
Receivables	-	-	0.96	-	-	0.49	-	-	-	-	-	-
Subordinated Debts	-	-	-	-	170.00	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	(Rs. in millions)	
	March 31, 2020	March 31, 2019
Short-term employee benefits	23.69	16.73
Contribution to PF (defined contribution)	0.09	0.06
Total	23.78	16.79

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.



ANNEXURE VI
[ILLUSTRATIVE CASH FLOWS AND SCENARIO ANALYSIS]

Illustration of Bond Cash Flows	
Name of the Issuer	Belstar Microfinance Limited
Face Value (per security)	INR. 10,00,000 (Indian Rupees Ten Lakh)
Issue Date / Date of Allotment	Issue Opening Date: October 31, 2022 Deemed Date of Allotment: October 31, 2022
Date of Redemption	Redemption Date / Maturity Date: October 31, 2024
Tenure	24 (twenty four) months from the Deemed Date of Allotment.
Coupon Rate	Please refer the PPOA. Please also see below.
Frequency of the Coupon Payment with specified dates	At maturity.
Day count convention	Actual/Actual

1. REDEMPTION SCHEDULE (PER DEBENTURE)

If the Annualized Interest Rate is 9.35% (XIRR)

Cash Flows	Date for coupon/ redemption becoming due	Number of days	Amount per Debenture (in Rupees)
Interest Amounts	October 31, 2024	731	1,96,035
Principal	October 31, 2024	731	10,00,000
Total (Redemption Payment)			11,96,035

If the Annualized Interest Rate is 9.30% (XIRR)

Cash Flows	Date for coupon/ redemption becoming due	Number of days	Amount per Debenture (in Rupees)
Interest Amounts	October 31, 2024	731	1,94,940
Principal	October 31, 2024	731	10,00,000
Total (Redemption Payment)			11,94,940

If the Annualized Interest Rate is 0% (XIRR)

Cash Flows	Date for coupon/ redemption becoming due	Number of days	Amount per Debenture (in Rupees)
Interest Amounts	October 31, 2024	731	0
Principal	October 31, 2024	731	10,00,000
Total (Redemption Payment)			10,00,000

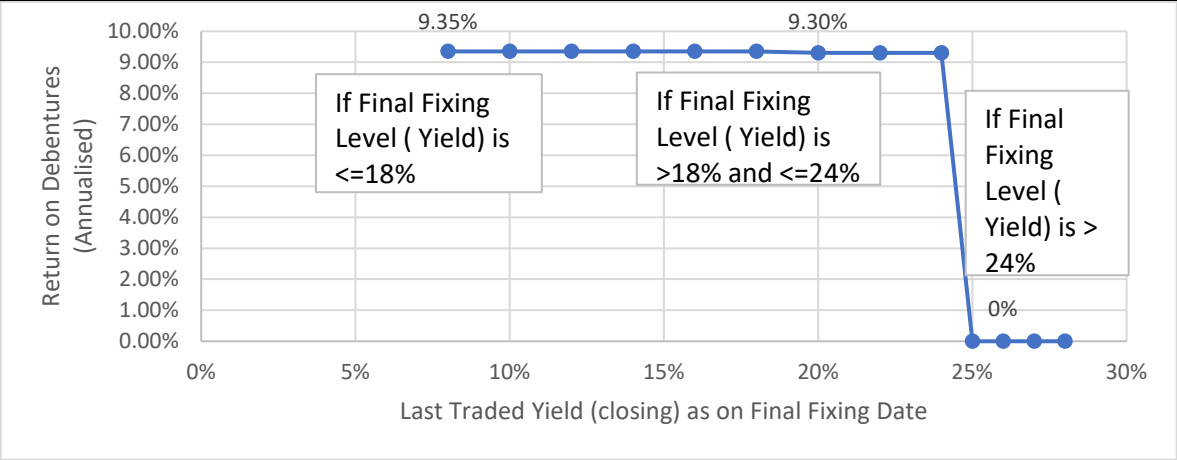
2. SCENARIO ANALYSIS/VALUATION MATRIX

Scenario Analysis: Tabular Representations

Yield of Underlying on Final Fixing Date	Face Value (INR)	Annualised Pre- Tax Return IRR	Maturity Value * (INR)
16%	10,00,000	9.35% XIRR	11,96,035
18%	10,00,000	9.35% XIRR	11,96,035
19%	10,00,000	9.30% XIRR	11,94,940
22%	10,00,000	9.30% XIRR	11,94,940
24%	10,00,000	9.30% XIRR	11,94,940

25%	10,00,000	0.00%	10,00,000
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Note: This scenario analysis is being provided for illustrative purposes only. It does not represent all possible outcomes



Varma & Varma
Chartered Accountants

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Emphasis of Matter

5. We draw attention to Note 6 to the statement which describes that the potential impact of the continuing COVID-19 pandemic on the Company's operations and financial results are dependent on future developments, which are highly uncertain. Our conclusion is not modified in respect of the above matter.

Other Matter

6. The review of unaudited financial results for the quarter ended June 30, 2021 included in the Statement were carried out and reported by the predecessor auditor who has expressed an unmodified conclusion thereon, whose report has been furnished to us and which has been relied upon by us for the purpose of our review of the Statement. Our conclusion is not modified in respect of the above matter.

Place : Chennai
Date : 2nd August, 2022



For Varma & Varma
Chartered Accountants
FRN. 004532S

P. R. Prasanna Varma
Partner
M.No. 025854
UDIN: 22025854AOBVBH7895

BELSTAR MICROFINANCE LIMITED

CIN NO-U06599TN1988PLC081652

Regd Office-No 33,48th Street 9th Avenue Ashok Nagar, Chennai-83

Website: www.belstar.in

STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2022

(All amounts are in Millions of Indian Rupees, unless otherwise stated)

	Particulars	Quarter ended			Year ended
		30-Jun-22	31-Mar-22	30-Jun-21	31-Mar-22
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Revenue from operations				
(i)	Interest income	1,842.89	2,024.31	1,511.24	6,768.32
(ii)	Fee and commission income	11.99	10.52	3.65	37.37
(iii)	Net gain on fair value changes on investments	4.20	2.89	-	7.87
(iv)	Net gain on de-recognition of financial instruments under amortised cost category	237.77	372.50	-	458.73
(I)	Total Revenue from operations	2,096.85	2,410.22	1,514.89	7,272.29
(II)	Other Income	5.16	6.29	0.65	12.02
(III)	Total Income (I + II)	2,102.01	2,416.51	1,515.54	7,284.31
	Expenses				
(i)	Finance cost	811.48	823.36	680.16	2,912.21
(ii)	Fee and commission expenses	60.53	54.79	44.15	196.68
(iii)	Impairment of financial instruments	376.12	561.29	334.41	1,497.50
(iv)	Employee benefit expenses	474.80	426.91	320.57	1,529.53
(v)	Depreciation, amortization and impairment	26.99	28.38	20.58	86.39
(vi)	Other expenses	180.34	149.12	96.15	500.54
(IV)	Total Expenses (IV)	1,930.26	2,043.85	1,496.02	6,722.85
(V)	Profit/(loss) before tax (III- IV)	171.75	372.66	19.52	561.46
(VI)	Tax Expense:				
(i)	Current tax	125.08	131.36	112.48	422.77
(ii)	Deferred tax	(91.46)	(51.35)	(113.37)	(312.60)
(iii)	Earlier years adjustments	-	-	-	-
(VII)	Profit/(loss) for the period	138.13	292.65	20.41	451.29
(VIII)	Other Comprehensive Income				
A	Items that will not be classified to profit or loss				
(i)	Actuarial Gain/(Loss) on defined benefit obligation	(0.57)	1.79	-	(2.27)
(ii)	Tax impact thereon	0.14	(1.04)	-	(0.02)
	Subtotal (A)	(0.43)	0.75	-	(2.29)
B	Items that will be classified to profit or loss				
(i)	Fair value changes on Financial instruments measured at FVOCI	-	-	(8.27)	(17.89)
(ii)	Tax impact thereon	-	-	2.08	6.18
	Subtotal (B)	-	-	(6.19)	(11.71)
	Other Comprehensive Income (A + B)	(0.43)	0.75	(6.19)	(14.00)
(IX)	Total Comprehensive Income for the period	137.70	293.40	14.22	437.29
	Paid Up Equity Share Capital (Face value of Rs.10 per share)	488.44	456.09	375.21	456.09
	Other Equity				8,103.24
(X)	Earnings per equity share (Face Value - Rs 10 per share)				
	Basic (Rs.)	3.02	7.79	0.54	12.01
	Diluted (Rs.)	3.02	7.79	0.54	12.01
		(Not Annualized)	(Not Annualized)	(Not Annualized)	
	See accompanying notes to financial results				



BELSTAR MICROFINANCE LIMITED

CIN NO-U06599TN1988PLC081652

Regd Office-No 33,48th Street 9th Avenue Ashok Nagar ,Chennai-83

Website:www.belstar.in

STATEMENT OF ASSETS & LIABILITIES (BALANCE SHEET) AS AT JUNE 30, 2022

(All amounts are in Millions of Indian Rupees, unless otherwise stated)

Particulars	As at June 30, 2022	As at March 31, 2022
	(Unaudited)	(Audited)
I ASSETS		
1 Financial assets		
a) Cash and cash equivalents	6,224.80	7,218.36
b) Bank Balance other than (a) above	987.79	1,360.18
c) Receivables		
(I)Trade Receivables	4.96	3.46
(II)Other Receivables	-	-
d) Loans	37,551.05	35,542.53
e) Other Financial assets	708.23	669.93
2 Non-financial Assets		
a) Deferred tax assets (Net)	606.20	514.59
b) Investment Property	1.10	1.10
c) Property, Plant and Equipment	47.09	47.69
d) Right of use assets	89.87	97.29
e) Intangible assets under development	1.15	0.49
f) Other Intangible assets	6.70	6.81
g) Other non financial assets	149.07	140.43
TOTAL ASSETS	46,378.01	45,602.86
II LIABILITIES AND EQUITY		
LIABILITIES		
1 Financial Liabilities		
a) 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	1.00	0.56
(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	5.70	3.46
b) Debt Securities	3,290.86	3,807.89
c) Borrowings (other than debt securities)	30,077.42	30,118.88
d) Subordinated Liabilities	1,644.99	1,643.59
e) Other Financial liabilities	1,095.50	1,089.41
2 Non-financial Liabilities		
a) Current tax liabilities (net)	109.35	64.87
b) Provisions	77.64	61.54
c) Other non-financial liabilities	291.82	253.33
EQUITY		
a) Equity share capital	488.44	456.09
b) Other equity	9,295.29	8,103.24
TOTAL LIABILITIES AND EQUITY	46,378.01	45,602.86



BELSTAR MICROFINANCE LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED JUNE 30, 2022

CIN NO-U06599TN1988PLC081652

Regd Office-No 33,48th Street 9th Avenue Ashok Nagar ,Chennai-83

Website:www.belstar.in

(All amounts are in Millions of Indian Rupees, unless otherwise stated)

Particulars	For the Period ended June 30, 2022	For the Year ended Mar 31, 2022
	(Unaudited)	(Audited)
Operating activities		
Profit before tax	171.75	561.46
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	26.99	86.39
Impairment on financial instruments	376.12	1,497.50
Finance cost	811.48	2,912.21
Net gain on fair value changes	(4.20)	(7.87)
Interest income on deposits	(62.11)	(163.05)
Operating Profit Before Working Capital Changes	1,320.03	4,886.64
Working capital changes		
(Increase) / Decrease in Trade receivables	(1.50)	(0.32)
(Increase) / Decrease in Loans	(2,384.64)	(9,220.45)
(Increase) / Decrease in Other financial asset	(59.66)	(10.89)
(Increase) / Decrease in Other non financial asset	(8.65)	(9.73)
Increase / (Decrease) in Trade and Other payables	2.69	(4.03)
Increase / (Decrease) in Other liabilities	123.41	232.81
Increase / (Decrease) in Provision	15.53	8.32
Cash flows from/(used in) operating activities before tax	(992.79)	(4,117.65)
Interest paid on borrowings	(870.82)	(3,009.62)
Income tax paid	(80.62)	(399.42)
Net cash flows from/(used in) operating activities	(1,944.23)	(7,526.69)
Investing activities		
Acquisition of fixed and intangible assets	(12.58)	(51.31)
Net gain on fair value changes	4.20	7.87
Investment in fixed deposits	372.39	(103.56)
Interest received on deposits	83.22	128.53
Net cash flows from/(used in) investing activities	447.23	(18.47)
Financing activities		
Proceeds from issue of shares	1,086.70	2,716.14
Net receipts/Payments from borrowings	(565.97)	7,587.22
Interest paid on Lease liabilities	(2.84)	(11.84)
Payment towards Lease liabilities	(14.45)	(37.97)
Dividend paid on equity shares	-	(11.26)
Net cash flows from financing activities	503.44	10,242.29
Net increase in cash and cash equivalents	(993.56)	2,697.13
Cash and cash equivalents at 1st April 2022, 1st April 2021	7,218.36	4,521.23
Cash and cash equivalents at 30th June 2022, 31st March 2022	6,224.80	7,218.36



INDEPENDENT AUDITOR'S REPORT

To
The Members of
Belstar Microfinance Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Belstar Microfinance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the standalone financial statements, including a summary of 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 standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.



Emphasis of Matter

We draw attention to Note No. 2.3 to the standalone financial statements which describes that the potential impact of the continuing COVID-19 pandemic on the Company's operations and financial results are dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How the matter was addressed in our audit
Expected credit losses on loan assets Refer Note No 3.6 of significant accounting policies and Note No. 9 for the outstanding loan assets and Note No. 50 of the Standalone Financial Statements for credit risk disclosures. As at 31 March 2022, the Company has reported gross loan assets of Rs. 37,780.12 millions against which an impairment loss of Rs.2,237.59 millions has been recorded. The Company recognised impairment provision for loan assets based on the expected credit loss approach laid down under 'Ind AS 109 – Financial Instruments'.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following: • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios;



Key audit matter	How the matter was addressed in our audit
The Expected Credit Loss ('ECL') approach as required under Ind AS 109, Financial instruments, involves high degree of complexity requiring significant judgement of the management and the use of different modelling techniques and assumptions which could have a material impact on the accompanying financial statements. The Management is required to determine the ECL that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. Significant management judgement and assumptions involved in measuring ECL includes: • Categorization of loans in Stage 1, 2 and 3 based on identification of exposures with Significant Increase in Credit Risk (SICR) since their origination and individually impaired / default exposures. • Techniques used to determine probability of default, loss given default and exposure at default. • Factoring in future economic assumptions These parameters are derived from the Company's internally developed statistical models, other historical data and trends observed in macro-economic factors.	• Considered the Company's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind-AS 109. • Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals; • Performed a critical assessment of assumptions including management's assessment of the impact of COVID-19 on these assumptions, and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD); • Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable; and

Key audit matter	How the matter was addressed in our audit
Considering the significance of the above matters to the overall Standalone Financial Statements, additional complexities involved in the current year on account of ongoing impact of COVID-19 and extent of management's estimates and judgements involved and also the significant auditor attention required to test such complex accounting estimates, we have identified this as a key audit matter for current year audit. We also draw attention to Note 2.3 of the accompanying Standalone Financial Statements, which describes the potential impact of the continuing COVID-19 pandemic considering the uncertainties involved and on the appropriateness of impairment losses provided on the abovementioned loan assets as on March 31, 2022, as the same is fundamental to the understanding of the users of Standalone Financial Statements.	Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying Standalone Financial Statements in accordance with the applicable accounting standards and related RBI circulars.
Information Technology ('IT') Systems and controls impacting financial reporting The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and controls to process significant transactions at numerous locations, such as loans, interest income and impairment of financial assets. Any significant gaps in the IT control environment could result in a material misstatement of the financial and accounting records.	As part of our Audit, we have carried out testing of the IT general controls, application controls and IT dependent manual controls. We tested the design and operating effectiveness of the Company's IT access controls over the key information systems, including changes made to the IT landscape during the audit period, that are critical to financial reporting.



Key audit matter	How the matter was addressed in our audit
Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. In view of the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	We tested IT general controls in the nature of controls over logical access, changes management, and other aspects of IT operational controls. Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

Information Other than the Standalone Financial Statements and Auditor's Report thereon (Other Information)

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report of the Company for the financial year ended March 31, 2022 but does not include the standalone financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this Auditors' Report.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the reports containing the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 standalone 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 standalone financial statements including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2022 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.

Other Matter

The standalone financial statements of the Company for the year ended March 31, 2021 were audited by the predecessor auditor who has expressed an unmodified opinion thereon vide report dated April 29, 2021, which has been furnished to us and relied upon by us for the purpose of our Audit.

Our opinion is not modified in respect of the above matter.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
 - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 managerial remuneration paid by the Company during the year is in accordance with the provisions of section 197 of the Act.



- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 45(A) to the financial statements
 - ii. The 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 during the year ended March 31,2022.
 - iv.
 - a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

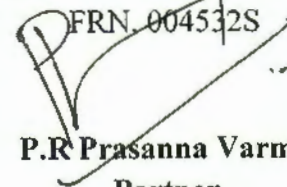


v.

- a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- b) As stated in Note No. 27 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act, as applicable.

Place: Chennai
Date: 29th April, 2022

**For Varma & Varma
Chartered Accountants**


FRN. 004532S

P.R. Prasanna Varma
Partner

M.No. 025854

UDIN : 22025854AIJXMS4612



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 STANDALONE FINANCIAL STATEMENTS OF BELSTAR MICROFINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2022.

1. a) i) According to the information and explanations given to us and the records of the Company examined by us, the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, and Investment Property and relevant details of right-of-use assets.

ii) According to the information and explanations given to us and the records of the company examined by us, the Company has maintained proper records showing full particulars of intangible assets.
- b) According to the information and explanations given to us and the records of the Company examined by us, the Company has a regular program of physical verification of its Property Plant and Equipment, Investment Property and right-of-use assets which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the program, certain Property Plant and Equipment were verified during the year and no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and the records of the Company examined by us, we report that the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements are held in the name of the Company as at the balance sheet date.
- d) According to the information and explanations given to us and the records of the Company examined by us, the Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Hence, reporting under clause 3(i)(d) of the Order is not applicable.
- e) According to the information and explanations given to us and the records of the Company examined by us, there are no proceedings initiated or pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.



2. According to the information and explanations given to us and the records of the Company examined by us,
- a) The Company is a Non-Banking Finance Company (NBFC), primarily engaged in financing activities and it does hold any physical inventories. Hence, reporting under clause 3(ii)(a) of the Order is not applicable.
 - b) The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks during the year on the basis of security of current assets. In our opinion, based on a comparison, the quarterly statements of receivables filed by the company with such banks are seen to be in agreement with the books of account of the Company. The Company has not availed working capital limit from any financial institution.
3. The Company has made investments in mutual funds during the current financial year. The Company has not provided any guarantee or security or granted any loan, secured or unsecured, to Companies, Firms, Limited Liability Partnerships (LLPs) during the year. The Company has granted loans to other parties. In respect of the investments made and loans granted to other parties;
- a) The Company is a Systemically Important Non- Deposit taking Non-Banking Financial Company - Micro finance Institution (NDSI-NBFC-MFI) engaged in the business of providing microfinance loans to Self-Help Group (SHG) members / Joint Liability Group (JLG) members and certain other loans as well. Hence, reporting under clause 3(iii)(a) of the Order is not applicable.
 - b) In our opinion, the terms and conditions of the investments made and grant of loans, during the year are, prima facie, not prejudicial to the Company's interest. The company has not provided any guarantee or given any security during the year.
 - c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest have been stipulated. Being a NBFC-MFI, there are instances of irregularities in repayment of principal amounts and receipt of interest as per stipulated terms. Having regard to the nature of business undertaken by the company, specific details of the irregularities are not reported, although particulars of overdue for more than ninety days as per books of accounts as at Balance Sheet date have been reported in Para (d) below.



- d) In respect of loans granted by the Company, the total amount overdue for more than ninety days as per books of account as at the balance sheet date is as under:

No. of cases	Principal Amount Overdue	Interest Overdue	Total Overdue
1,43,600	Rs. 1,208.02 Million	Rs. 108.90 Million	Rs. 1,316.92 Million

In our opinion and according to the information and explanations given to us, reasonable steps have been taken by the Company for recovery of the principal and interest.

- e) The Company is a Systemically Important Non- Deposit taking Non-Banking Financial Company - Micro finance Institution (NDSI-NBFC-MFI) engaged in the business of providing microfinance loans to Self-Help Group (SHG) members / Joint Liability Group (JLG) members and certain other loans as well. Hence, reporting under clause 3(iii)(e) of the Order is not applicable.
- f) The Company has not granted any loans or advances in the nature of loans to Promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013. Hence, reporting under clause 3(iii)(f) of the Order is not applicable.
4. According to the information and explanations given to us and the records of the Company examined by us, the Company has not given any loans, or provided any guarantee or security as specified under section 185 of the Companies Act, 2013. The provisions of section 186 of the Act with respect of loans, guarantee and security is not applicable to the Company being a NBFC-MFI and the investments made by the Company are in compliance with the provisions of section 186 of the Act, as applicable.
5. According to the information and explanations given to us and the records of the Company examined by us , during the year the Company has not accepted any deposits or any amounts deemed to be deposits which attracts the directives issued by the Reserve Bank of India or within the meaning of Sections 73 to 76 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Hence, reporting under clause 3(v) of the Order is not applicable.
6. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the Company. Hence, reporting under clause 3(vi) of the Order is not applicable.



7.

- a. As per the information and explanations furnished to us, and according to our examination of the records of the Company, the Company has been regular in depositing the undisputed statutory dues including goods and services tax, provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable to the Company with the appropriate authorities during the year and no undisputed amounts in respect of material statutory dues were in arrears as at 31st March, 2022 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and based on the records of the Company examined by us, the particulars of dues referred to in sub-clause (a) that have not been deposited on account of any dispute as at 31st March, 2022 are as follows:

Name of the Statute	Nature of dues	Amount (Rs. In Million)*	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	58.52	FY 2016-17	Commissioner of Income Tax (Appeals) - Chennai
Income Tax Act, 1961	Income Tax	26.37	FY 2017-18	National Faceless Appeal Centre

**net of amount paid under protest*

8. According to the information and explanations given to us and the records of the Company examined by us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961
9. According to the information and explanations given to us and on the basis of our examination of the records of the Company:
 - a) The Company has not defaulted in repayment of loans or other borrowings or in payment of interest to any lender.



- b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
 - c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained, other than temporary deployment pending application of proceeds of term loans of Rs. 4,890 Million since they were raised towards the end of the year.
 - d) On an overall examination of the Financial Statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
 - e) The Company does not have any subsidiaries, associates or joint ventures and hence, reporting on clause 3(ix)(e) of the Order is not applicable.
 - f) The Company does not have any subsidiaries, associates or joint ventures and hence, reporting on clause 3(ix)(f) of the Order is not applicable.
10. According to the information and explanations given to us and the records of the Company examined by us,
- a) no moneys were raised by way of initial public offer or further public offer (including debt instruments) and hence, reporting on clause 3(x)(a) of the Order is not applicable.
 - b) The Company has made preferential allotment of equity shares during the month of March, 2022 and the requirements of Section 42 of the Act have been complied with. The funds raised have been used for the purpose for which they were raised other than certain portion thereof which, pending application, were temporarily deployed in liquid investments as at the end of the year. The Company has not made any preferential allotment or private placement of fully or partly or optionally convertible debentures during the year.



11.

- a) During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company, noticed or reported during the year, except for 8 instances of misappropriation of cash by employees of the Company aggregating to Rs. 2.40 Million and 1 instance of fraud in respect of buyout loan portfolio committed by the transferor amounting to Rs. 23.17 Million, reported by the management during the year, as stated in Note No. 55 to the accompanying financial statements.
- b) No report under Section 143(12) of the Act has been filed in Form ADT-4 regarding any frauds, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- c) According to the information and explanations given to us and the records of the Company examined by us, the Company has not received whistle-blower complaints during the year and hence, reporting on clause 3(xi)(c) of the Order is not applicable.

12. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

13. According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in Note No.46 to the standalone financial statements as required by the applicable Ind AS.



14.

- a) The Company has an internal audit system, which, in our opinion is commensurate with the size and nature of its business.
- b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

15. According to the information and explanations given to us and based the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with the directors and hence, reporting under clause 3(xv) of the Order is not applicable.

16. According to the information and explanations given to us and the records of the Company examined by us,

- a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.
- b) The Company has obtained registration under the Non-Banking Finance Company – Micro Finance Institution (Reserve Bank) Directions, 2011 and no business has been conducted by the Company without any valid Certificate of Registration (CoR).
- c) The company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Hence, reporting under clause 3(xvi)(c) of the Order is not applicable.
- d) As represented to us by the management, there is no core investment company as defined in the regulations made by the Reserve Bank of India within the Group. Hence, reporting under clause 3(xvi)(d) of the Order is not applicable.

17. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.



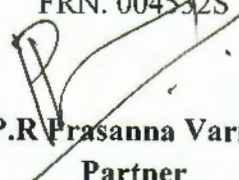
18. There has been resignation of the statutory auditors during the year. As mentioned in Form ADT-3 filed with the Ministry of Corporate Affairs, the outgoing auditors resigned in order to comply with the requirements RBI's Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated 27th April, 2021. There are no issues, objections or concerns raised by the outgoing auditors.
19. According to the information and explanations given to us and the records of the Company examined by us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets, payment of financial liabilities and other information accompanying the standalone financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
20. According to the information and explanations given to us and the records of the Company examined by us,
- a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.



- b) There are no unspent amounts towards Corporate Social Responsibility (CSR) on ongoing projects as at the end of the previous financial year or at the end of current financial year requiring a transfer to a Special Account in compliance with sub-section (6) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

Place: Chennai
Date: 29th April, 2022

For Varma & Varma
Chartered Accountants
FRN. 004532S


P.R. Prasanna Varma
Partner

M.No. 025854
UDIN : 22025854ALJXMS4612



ANNEXURE B' REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF BELSTAR MICROFINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2022

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial control systems with reference to standalone financial statements reporting of Belstar Microfinance Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone 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 controls with reference to standalone financial statements 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls systems with reference to financial statements 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 system with reference to financial statements 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 with reference to financial statements reporting and their operating effectiveness. Our audit of internal financial controls system with reference to financial statements reporting included obtaining an understanding of internal financial controls system with reference to financial statements 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to Financial Statements reporting

A Company's internal financial controls system with reference to financial statements 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 controls system with reference to financial statements 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 with reference to Financial Statements reporting

Because of the inherent limitations of internal financial controls system with reference to financial statements 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 system with reference to financial statements reporting to future periods are subject to the risk that the internal financial controls system with reference to financial statements reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

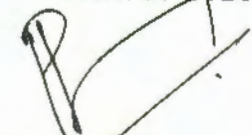


Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements reporting and such internal financial controls system with reference to financial statements reporting were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements 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 ICAI.

Place: Chennai
Date: 29th April, 2022

For Varma & Varma
Chartered Accountants
FRN. 004582S



P.R Prasanna Varma
Partner

M.No. 025854

UDIN : 22025854AIJXMS4612



BELSTAR MICROFINANCE LIMITED
BALANCE SHEET AS AT MARCH 31, 2022

Particulars	Note No	(Rs. In millions)	
		As at March 31, 2022	As at March 31, 2021
I ASSETS			
1 Financial assets			
a) Cash and cash equivalents	6	7,218.36	4,521.23
b) Bank Balance other than (a) above	7	1,360.18	1,256.62
c) Receivables			
(i) Trade Receivables	8	3.46	3.14
(ii) Other Receivables		-	-
d) Loans	9	35,542.53	27,837.47
e) Other Financial assets	10	669.93	625.47
2 Non-financial Assets			
a) Deferred tax assets (Net)	40	514.59	195.84
b) Investment Property	11	1.10	1.10
c) Property, Plant and Equipment	12	47.69	35.76
d) Right-of-use assets	13	97.29	72.89
e) Intangible assets under development	14	0.49	0.55
f) Other Intangible assets	15	6.81	13.31
g) Other non financial assets	16	140.43	109.50
Total Assets		45,602.86	34,672.88
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial Liabilities			
a) 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	17 A	0.56	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	17 B	3.46	2.31
b) Debt Securities	18	3,807.89	5,284.95
c) Borrowings (other than debt securities)	19	30,118.88	21,032.99
d) Subordinated Liabilities	20	1,643.59	1,638.42
e) Other Financial liabilities	21	1,089.41	1,051.27
2 Non-financial Liabilities			
a) Current tax liabilities (net)	39	64.87	20.34
b) Provisions	22	61.54	50.97
c) Other non-financial liabilities	23	253.33	168.74
EQUITY			
a) Equity share capital	24	456.09	375.21
b) Other equity	25	8,103.24	5,041.95
Total Liabilities and Equity		45,602.86	34,672.88

The accompanying notes are an integral part of the financial statements

As per our Report of even date attached

For M/s. Varma & Varma
Chartered Accountants
Firm No. 0045325

P. Prasanna Varma
Partner
M. No. 025854

Place: Chennai
Date: April 29, 2022



For and on behalf of Board of Directors

Kalpana Sankar

Dr. Kalpana Sankar
Managing Director
(DIN. 01926545)

L Muralidharan

Chief Financial Officer

B Balakumaran
Wholesale Director
(DIN. 09099182)

Sunil Kumar Sahu

Company Secretary



BELSTAR MICROFINANCE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(Rs. in millions)

Particulars	Note No	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations			
(i) Interest income	28	6,768.32	5,229.37
(ii) Fee and commission income	29	37.37	28.15
(iii) Net gain on fair value changes	30	7.87	13.84
(iv) Net gain on de-recognition of financial instruments under amortised cost category	31	458.73	242.68
(I) Total Revenue from operations		7,272.29	5,514.04
(II) Other Income	32	12.02	15.37
(III) Total Income (I + II)		7,284.31	5,529.41
Expenses			
(i) Finance costs	33	2,912.21	2,342.37
(ii) Fee and commission expense	34	196.68	129.03
(iii) Impairment of financial instruments	35	1,497.50	807.55
(iv) Employee benefit expenses	36	1,556.24	1,217.65
(v) Depreciation, amortization and impairment	37	86.39	92.55
(vi) Other expenses	38	473.83	370.14
(IV) Total Expenses (IV)		6,722.85	4,959.29
(V) Profit/(loss) before tax (III - IV)		561.46	570.12
(VI) Tax Expense:			
(i) Current tax	39	422.77	261.36
(ii) Deferred tax	40	(312.60)	(150.50)
(iii) Earlier years adjustments		-	(7.25)
(VII) Profit/(loss) for the period (V - VI)		451.29	466.51
(VIII) Other Comprehensive Income			
A) Items that will not be classified to profit or loss			
(i) Remeasurement gain/ (loss) of defined benefit plans		(2.27)	2.99
(ii) Tax impact thereon		(0.02)	(0.75)
Subtotal (A)		(2.29)	2.24
B) Items that will be classified to profit or loss			
(i) Fair value gain/ (loss) on Financial Instruments measured at FVOCI		(17.89)	(9.84)
(ii) Tax impact thereon		6.18	2.48
Subtotal (B)		(11.71)	(7.36)
Other Comprehensive Income (A + B)		(14.00)	(5.12)
(IX) Total Comprehensive Income for the period (VII + VIII)		437.29	461.39
(X) Earnings per equity share (Face Value - Rs 10 per share)	41		
Basic (Rs.)		12.01	12.43
Diluted (Rs.)		12.01	12.43

The accompanying notes are an integral part of the financial statements
As per our Report of even date attached

For M/s. Varma & Varma
Chartered Accountants
Firm No. 0045325

P.R. Prasanna Varma
Partner
M.No.025854

Place: Chennai
Date: April 29, 2022



For and on behalf of Board of Directors

Kalpana Sankar

Dr. Kalpana Sankar
Managing Director
(DIN. 01926545)

B. Balakumaran
B. Balakumaran
Wholesale Director
(DIN. 09099182)

L. Muralidharan

L. Muralidharan
Chief Financial Officer

Sunil Kumar Sahu

Sunil Kumar Sahu
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

(Rs. In millions)

Particulars	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Operating activities		
Profit before tax	561.46	570.12
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	86.39	92.55
Impairment on financial instruments	1,497.50	807.55
Finance cost	2,912.21	2,342.37
Net gain on fair value changes	(7.87)	(13.84)
Interest income on deposits	(163.05)	(163.26)
Profit on sale of asset	-	(0.13)
Operating Profit Before Working Capital Changes	4,886.64	3,635.36
Working capital changes		
(Increase) / Decrease in Trade receivables	(0.32)	(1.54)
(Increase) / Decrease in Loans	(9,220.45)	(7,763.27)
(Increase) / Decrease in Other financial asset	(10.89)	232.30
(Increase) / Decrease in Other non financial asset	(9.73)	(0.62)
Increase / (Decrease) in Trade and Other payables	(4.03)	8.05
Increase / (Decrease) in Other liabilities	232.81	(228.43)
Increase / (Decrease) in Provision	8.32	(4.11)
Cash flows from/(used in) operating activities before tax	(4,117.65)	(4,122.26)
Interest paid on borrowings	(3,009.62)	(2,128.22)
Income tax paid	(399.42)	(266.51)
Net cash flows from/(used in) operating activities	(7,526.69)	(6,516.99)
Investing activities		
Acquisition of fixed and intangible assets	(51.31)	(34.19)
Net gain on fair value changes	7.87	13.83
Proceeds from sale of fixed assets	-	0.18
Investment in fixed deposits	(103.56)	167.17
Interest received on deposits	128.53	177.10
Net cash flows from/(used in) investing activities	(18.47)	324.09
Financing activities		
Proceeds from Issue of shares	2,716.14	-
Proceeds from / (Repayment) of borrowings	7,587.22	9,065.09
Interest paid on Lease liabilities	(11.84)	(10.33)
Payment towards Lease liabilities	(37.97)	(37.40)
Dividend paid on equity shares	(11.26)	(22.51)
Net cash flows from financing activities	10,242.29	8,994.85
Net increase in cash and cash equivalents	2,697.13	2,801.95
Cash and cash equivalents at 1st April 2021, 1st April 2020	4,521.23	1,719.28
Cash and cash equivalents at March 31, 2022 / March 31, 2021	7,218.36	4,521.23

Notes:

(a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS-7) Statement of Cash Flow.

(b) For Components of Cash and Cash Equivalents - Refer Note No. 6

The accompanying notes are an integral part of the financial statements

As per our Report of even date attached

For M/s. Varma & Varma
Chartered Accountants
Firm No. 0045328

P. R. Prasanna Varma
Partner
M. No. 025854

Place: Chennai
Date: April 29, 2022



For and on behalf of Board of Directors

Kalpana Sankar

Dr. Kalpana Sankar
Managing Director
(DIN. 01926545)

B. Balakumaran
Wholesale Director
(DIN. 09099182)

M. Muralidharan

L. Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary





N. SANKARAN & CO.
CHARTERED ACCOUNTANTS

**1-A, RAJA ANNAMALAI BUILDING,
2nd FLOOR, NO. 72,
MARSHALLS ROAD, EGMORE,
CHENNAI - 600 008.
Phone : 2855 4090 / 4214 8283
Fax : 2855 5009
e-mail : nsankaranandco@gmail.com**

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.



Independent Auditors' Report (Contd.)

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.



Independent Auditors' Report (Contd.)

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.



Independent Auditors' Report (Contd.)

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



Independent Auditors' Report (Contd.)

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.

Place: Chennai
Date: 29th April 2021

UDIN: 21207188AAAABY5121



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

M N Prabhakar
Partner
(Membership No. 207188)

Independent Auditors' Report (Contd.)

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.



Independent Auditors' Report (Contd.)

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.



Independent Auditors' Report (Contd.)

- 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.

Place: Chennai
Date: 29th April 2021

UDIN: 21207188AAAAABY5121



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


M N Prabhakar
Partner
(Membership No. 207188)

Independent Auditors' Report (Contd.)

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.



Independent Auditors' Report (Contd.)

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)



M N Prabhakar
Partner
(Membership No. 207188)

Place: Chennai
Date: 29th April 2021

UDIN: 21207188AAAABY5121

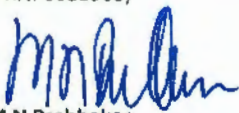
BELSTAR MICROFINANCE LIMITED
(Formerly known as Belstar Investment and Finance Private Limited)
Balance Sheet as at March 31, 2021

(Rs. In millions)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
I ASSETS			
1 Financial assets			
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	872.05
2 Non-financial Assets			
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	-
h) Other non financial assets	15	109.50	70.27
Total assets		34,672.88	25,187.88
II LIABILITIES AND EQUITY			
1 Financial Liabilities			
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
2 Non-financial Liabilities			
a) Current tax liabilities (net)		20.34	-
b) Provisions	20	50.97	58.07
c) Other non-financial liabilities	21	168.74	220.34
3 Equity			
a) Equity share capital	22	375.21	375.21
b) Other equity	23	5,041.95	4,603.07
Total Liabilities and Equity		34,672.88	25,187.88

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

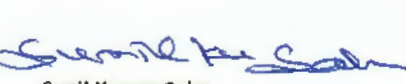
For M/s. N. Sankaran & Co.
Chartered Accountants
(FRN: 003590S)


M N Prabhakar
Partner
M.No.207188
Date: April 29, 2021
Place: Chennai



For and on behalf of Board of Directors


Dr. Kalpana Sankar B Balakumaran
Managing Director Director
(DIN. 01926545) (DIN. 09099182)


L Muralidharan Sunil Kumar Sahu
Chief Financial Officer Company Secretary



BELSTAR MICROFINANCE LIMITED

(Formerly known as Belstar Investment and Finance Private Limited)

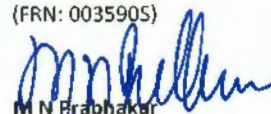
Statement of Profit and Loss for the year ended March 31, 2021

(Rs. in millions)

Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations			
(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
(I) Total Revenue from operations		5,516.22	4,993.60
(II) Other Income	29	15.37	13.87
(III) Total Income (I + II)		5,531.59	5,007.47
Expenses			
(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
(IV) Total Expenses		4,961.47	3,675.02
(V) Profit/(loss) before tax (III - IV)		570.12	1,332.45
(VI) Tax Expense:			
(i) Current tax	35	261.36	291.45
(ii) Deferred tax charge/ (credit)	36	(150.50)	51.01
(iii) Earlier years adjustments		(7.25)	-
(VII) Profit/(loss) for the period (V - VI)		466.51	989.99
(VIII) Other Comprehensive Income			
A) Items that will not be classified to profit or loss			
(i) Remeasurement gain/ (loss) of defined benefit plans		2.99	(1.28)
(ii) Tax impact thereon		(0.75)	0.32
Subtotal (A)		2.24	(0.96)
B) Items that will be classified to profit or loss			
(i) Fair value gain/ (loss) on debt instruments measured at FVOCI		(9.84)	(0.25)
(ii) Tax impact thereon		2.48	0.06
Subtotal (B)		(7.36)	(0.19)
Other Comprehensive Income (A + B)		(5.12)	(1.15)
(IX) Total Comprehensive Income for the period (VII + VIII)		461.39	988.84
(X) Earnings per equity share	37		
Basic (Rs.)		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 M/s. N. Sankaran & Co.
 Chartered Accountants
 (FRN: 0035905)


 M N Prabhakar

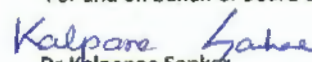
Partner

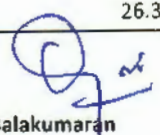
M.No.207188

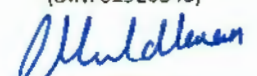
Date: April 29, 2021

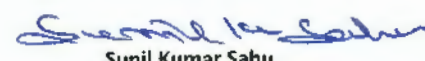
Place: Chennai

For and on behalf of Board of Directors


 Dr. Kalpana Sankar
 Managing Director
 (DIN: 01926545)


 B Balakumaran
 Director
 (DIN: 09099182)


 L Muralidharan
 Chief Financial Officer


 Sunil Kumar Sahu
 Company Secretary




N. SANKARAN & CO.
CHARTERED ACCOUNTANTS

**1-A, RAJA ANNAMALAI BUILDING,
2nd FLOOR, NO. 72,
MARSHALLS ROAD, EGMORE,
CHENNAI - 600 008.
Phone : 2855 4090 Fax : 2855 5009
e-mail : nsankaranandco@gmail.com**

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, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Change 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 31 March 2020, 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.



Independent Auditors' Report (Contd.)

Emphasis of matter

We draw attention to Note No.46.2 of the Financial Statements, which describes extent to which the Covid-19 pandemic will impact the Company's performance. The said note narrates Management's proposed future actions based on its assessment of internal and external factors and macro level indicators. Our opinion is not modified in respect of this matter.

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 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 and other 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.



Independent Auditors' Report (Contd.)

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.



Independent Auditors' Report (Contd.)

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 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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.



Independent Auditors' Report (Contd.)

- 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)


M N Prabhakar

Partner

(Membership No. 207188)

UDIN: 20207188AAAABE9063

Place: Chennai

Date: May 10, 2020



Independent Auditors' Report (Contd.)

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, 2020

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, 2020 for a period of more than six months from the date on when they become payable.



Independent Auditors' Report (Contd.)

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, 2020 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	7,31,50,000	-	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. 5,31,894 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, 2020 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.



Independent Auditors' Report (Contd.)

- 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)

A handwritten signature in blue ink, appearing to read "M N Prabhakar".

M N Prabhakar

Partner

(Membership No. 207188)

Place: Chennai

Date: May 10, 2020

Independent Auditors' Report (Contd.)

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 31,2020

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, 2020 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.



Independent Auditors' Report (Contd.)

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

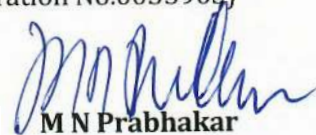
In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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)




M N Prabhakar

Partner

(Membership No. 207188)

Place: Chennai

Date: May 10, 2020

BELSTAR MICROFINANCE LIMITED

(Formerly known as Belstar Investment and Finance Private Limited)

Balance Sheet as at March 31, 2020

(Rs. in millions)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
I ASSETS			
1 Financial assets			
a) Cash and cash equivalents	6	1,719.28	2,188.23
b) Bank Balance other than (a) above	7	1,423.79	1,094.87
c) Receivables			
(i) Trade Receivables	8	1.60	8.46
(ii) Other Receivables		-	-
d) Loans	9	20,888.68	16,387.65
e) Investments		-	-
f) Other Financial assets	10	872.05	558.43
2 Non-financial Assets			
a) Current tax assets (Net)		5.88	13.98
b) Deferred tax assets (Net)	36	46.52	94.24
c) Investment Property	11	1.10	1.10
d) Property, Plant and Equipment	12	53.73	41.01
e) Right-of-use assets	13	91.89	-
f) Other Intangible assets	14	13.09	11.14
g) Other non financial assets	15	70.27	39.60
Total assets		25,187.88	20,438.71
II LIABILITIES AND EQUITY			
1 Financial Liabilities			
a) Derivative financial instruments		-	-
b) Payables			
(i) Trade Payables		-	-
(ii) total outstanding dues of micro enterprises and small enterprises		-	-
(iii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(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		-	-
c) Debt Securities	16	369.90	2,279.88
d) Borrowings (other than debt securities)	17	17,541.68	12,643.25
e) Subordinated Liabilities	18	1,044.09	905.31
f) Other Financial liabilities	19	975.52	491.66
2 Non-financial Liabilities			
a) Provisions	20	58.07	46.91
b) Other non-financial liabilities	21	220.34	69.94
3 Equity			
a) Equity share capital	22	375.21	375.21
b) Other equity	23	4,603.07	3,626.55
Total Liabilities and Equity		25,187.88	20,438.71

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

For and on behalf of Board of Directors

For M/s. N. Sankaran & Co.
Chartered Accountants
(FRN: 0035905)

M N Prabhakar
M N Prabhakar
Partner

M.No.207188
Date: May 10, 2020
Place Chennai



Kalpana Sankar
Dr. Kalpana Sankar
Managing Director
(DIN: 01926545)

S. Chandrasekar
Wholesale Director
(DIN: 02360909)

L Muralidharan
L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Sunil Kumar Sahu
Company Secretary

BELSTAR MICROFINANCE LIMITED

(Formerly known as Belstar Investment and Finance Private Limited)

Statement of Profit and Loss for the period ended March 31, 2020

(Rs. In millions)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations			
(i) Interest income	26	4,649.45	3,461.37
(ii) Sale of services	27	10.64	26.59
(iii) Net gain on fair value changes on investments	28	66.75	64.62
(iv) Net gain on derecognition of financial instruments		266.76	118.51
(I) Total Revenue from operations		4,993.60	3,671.09
(II) Other Income	29	13.87	9.59
(III) Total Income (I + II)		5,007.47	3,680.68
Expenses			
(i) Finance cost	30	1,799.12	1,491.91
(ii) Fee and commission expenses		99.07	5.63
(iii) Impairment of financial instruments	31	229.50	183.63
(iv) Employee benefit expenses	32	1,050.93	616.32
(v) Depreciation, amortization and impairment	33	90.80	44.20
(vi) Other expenses	34	405.60	308.01
(IV) Total Expenses		3,675.02	2,649.70
(V) Profit/(loss) before tax (III - IV)		1,332.45	1,030.98
(VI) Tax Expense:			
(1) Current tax	35	291.45	322.07
(2) Deferred tax charge/ (credit)	36	51.01	(19.62)
(VII) Profit/(loss) for the period (V - VI)		989.99	728.53
(VIII) Other Comprehensive Income			
A) Items that will not be classified to profit or loss			
(i) Remeasurement gain/ (loss) of defined benefit plans		(1.28)	(5.06)
(ii) Tax impact thereon		0.32	1.47
Subtotal (A)		(0.96)	(3.59)
B) Items that will be classified to profit or loss			
(i) Fair value gain/ (loss) on debt instruments measured at FVOCI		(0.25)	17.63
(ii) Tax impact thereon		0.06	(5.13)
Subtotal (B)		(0.19)	12.50
Other Comprehensive Income (A + B)		(1.15)	8.91
(IX) Total Comprehensive Income for the period (VII + VIII)		988.84	737.44
(X) Earnings per equity share	37		
Basic (Rs.)		26.39	23.35
Diluted (Rs.)		26.39	23.35

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

For and on behalf of Board of Directors

For M/s. N. Sankaran & Co.
Chartered Accountants
(FRN: 003590S)

M N Prabhakar
M N Prabhakar
Partner

M.No.207188
Date: May 10, 2020
Place: Chennai



Kalpana Sankar
Dr. Kalpana Sankar
Managing Director
(DIN. 01926545)

L Muralidharan
L Muralidharan
Chief Financial Officer

S. Chandrasekar
S. Chandrasekar
Wholesale Director
(DIN. 02360909)

Sunil Kumar Sahu
Sunil Kumar Sahu
Company Secretary

BELSTAR MICROFINANCE LIMITED

(Formerly known as Belstar Investment and Finance Private Limited)

Statement of changes in Equity for the year ended March 31, 2020**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, 2018	24.65	246.47
Issued during the year	12.87	128.74
As at March 31, 2019	37.52	375.21
Issued during the year	-	-
As at March 31, 2020	37.52	375.21

b. Other Equity

(Rs. in millions)

Particulars	Reserves and Surplus							Total
	Statutory Reserve	Securities Premium Account	Debenture redemption reserve	Capital redemption reserve	General Reserve	Retained Earnings	Other comprehensive income	
Balance as at April 01, 2018	118.88	495.48	88.31	-	0.01	303.17	4.05	1,009.90
Dividends including tax	-	-	-	-	-	-	-	-
Transfer to/ from retained earnings	145.71	-	(88.31)	-	-	(57.39)	-	-
Other Additions / Deductions during the year	-	-	-	-	-	(10.30)	-	(10.30)
Premium received during the year	-	1,889.51	-	-	-	-	-	1,889.51
Profit (loss) for the year after income tax	-	-	-	-	-	728.53	-	728.53
Other Comprehensive Income for the year before income tax	-	-	-	-	-	-	12.57	12.57
Less: Income Tax	-	-	-	-	-	-	(3.66)	(3.66)
Balance as at March 31, 2019	264.58	2,384.99	-	-	0.01	964.01	12.96	3,626.55
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
Balance as at March 31, 2020	462.58	2,384.99	-	500.00	0.01	1,243.68	11.81	4,603.07

Notes on accounts form part of final accounts

For and on behalf of Board of Directors

As per our Report of even date attached

For M/s. N. Sankaran & Co.
Chartered Accountants
(FRN: 0035905)M N Prabhakar
Partner
M.No.207188
Date: May 10, 2020
Place: Chennai

Kalpana Sankar
Dr. Kalpana Sankar
Managing Director
(DIN. 01926545)

L Muralidharan
L Muralidharan
Chief Financial Officer

S. Chandrasekar
S. Chandrasekar
Wholesale Director
(DIN. 02360909)

Sunil Kumar Sahu
Sunil Kumar Sahu
Company Secretary



BELSTAR MICROFINANCE LIMITED
(Formerly known as Belstar Investment and Finance Private Limited)
Cash Flow Statement for the period ended March 31, 2020

(Rs. in millions)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Operating activities		
Profit before tax	1,332.45	1,030.98
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	90.80	44.20
Impairment on financial instruments	229.50	183.63
Finance cost	1,799.12	1,491.91
Realised gain on investment held for trading	(66.75)	(64.62)
Interest income on deposits	(99.99)	(61.96)
Profit on sale of asset	(0.17)	-
Operating Profit Before Working Capital Changes	3,284.96	2,624.14
Working capital changes		
(Increase) / Decrease in Trade receivables	6.86	(5.54)
(Increase) / Decrease in Loans	(4,720.43)	(5,246.01)
(Increase) / Decrease in Other financial asset	(296.63)	(476.18)
(Increase) / Decrease in Other non financial asset	(17.20)	(4.06)
Increase / (Decrease) in Other liabilities	586.62	354.88
Increase / (Decrease) in Provision	9.88	11.63
Cash flows from/(used in) operating activities before tax	(1,145.97)	(2,741.14)
Interest paid on borrowings	(1,868.43)	(1,408.56)
Income tax paid	(299.72)	(386.99)
Net cash flows from/(used in) operating activities	(3,314.12)	(4,536.69)
Investing activities		
Acquisition of fixed and intangible assets	(73.43)	(58.09)
Acquisition of investment property	-	-
Realised gain on investment held for trading	66.75	64.62
Proceeds from sale of fixed assets	0.31	0.03
Investment in fixed deposits	(328.92)	(355.66)
Interest received on deposits	80.02	50.23
Net cash flows from/(used in) investing activities	(255.27)	(298.87)
Financing activities		
Proceeds from issue of shares	-	2,007.95
Net receipts/Payments from borrowings	3,158.15	3,689.31
Interest paid on Lease liabilities	(10.02)	-
Payment towards Lease liabilities	(25.07)	-
Dividend paid on equity shares	(22.62)	-
Net cash flows from financing activities	3,100.44	5,697.26
Net increase in cash and cash equivalents	(468.95)	861.70
Net foreign exchange difference	-	-
Cash and cash equivalents at 1 April	2,188.23	1,326.53
Cash and cash equivalents at reporting date	1,719.28	2,188.23

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

For and on behalf of Board of Directors

For M/s. N. Sankaran & Co.
Chartered Accountants
(FBN: 0035905)

M N Prabhakar
Partner
M.No.207188
Date: May 10, 2020
Place: Chennai



Kalpana Sankar

Dr. Kalpana Sankar
Managing Director
(DIN. 01926545)

S. Chandrasekar
Wholetime Director
(DIN. 02360909)

L. Muralidharan

L. Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary