Varma & Varma

Chartered Accountants

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, 2023, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, 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.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How the matter was addressed in our audit
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. 52 of the Standalone Financial Statements for credit risk disclosures. As at 31 March 2023, the Company has reported gross loan assets of Rs. 47,232.39 millions against which an impairment loss of Rs.957.03 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'. 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.	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; • 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.

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Key audit matter	How the matter was addressed in our audit
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 is include • 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. Considering the significance of the above matters to the overall Standalone Financial Statements, 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.	• 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 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 • 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 and Resolution Framework.

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Key audit matter	How the matter was addressed in our audit
Information Technology ('IT') Systems and controls impacting financial reporting and migration to the new Loan Management system 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. 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. During the year, the Company has completely migrated to the new loan management software ("LMS") in the month of November 2022, which required financial and other related information was required to be migrated from the legacy IT systems to the new LMS. 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 including migration to the new LMS is considered to be a key audit matter.	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. We tested IT general controls in the nature of controls over logical access, changes management, and other aspects of IT operational controls. To obtain comfort over the completeness, and accuracy of the migration process, certain additional procedures were also performed, which included: • Review of the management's reconciliation of the closing balances as at the migration date as per the legacy IT system and the corresponding balance as per New LMS on the same date. • Comparison of key parameters between the legacy IT system and the new LMS on the migration date • Review of report issued by independent third party in respect of migration audit carried out by them. 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 31,2023 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.

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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.

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- 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, 2023 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.

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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 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 statement 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 .

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(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. 47 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 31,2023.

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.

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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. 29 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.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For Varma & Varma
Chartered Accountants
FRN. 004532S

P.R Prasanna Varma
Partner
M.No. 025854
UDIN : 23025854BGRHXG2640

Place: Chennai
Date: 9th May, 2023

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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, 2023.

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, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

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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 and financial institutions 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.

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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
76,278	Rs. 1050.38 Million	Rs. 259.26 Million	Rs. 1309.64 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.

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

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 undisputed statutory dues including goods and service 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 have generally been regularly deposited by the company with the appropriate authorities and no undisputed amounts in respect of material statutory dues were in arrears as at 31st March, 2023 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, 2023 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
Income Tax Act, 1961	Income Tax	2.50	FY 2019-20	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. 7650 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 June, 2022 and the requirements of Section 42 of the Act have been complied with. The Company has not made any preferential allotment or private placement of fully or partly or optionally convertible debentures during the year.

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

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 I case of misappropriation of cash by employees of the Company aggregating to Rs. 0.25 Million identified by the management during the year, as stated in Note No. 57 to the accompanying financial statements.

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

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

12. The Company is not a Nidhi Company and hence reporing 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.48 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.

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

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 no resignation of the statutory auditors of the Company during the year.

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.

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

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.

For Varma & Varma
Chartered Accountants
FRN. 004532S

P.R Prasanna Varma
Partner
M.No. 025854
UDIN : 23025854BGRHXG2640

Place: Chennai
Date: 9th May, 2023

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

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, 2023

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, 2023 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, 2023. 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.

For Varma & Varma
Chartered Accountants
FRN. 004532S

P.R Prasanna Varma
Partner
M.No. 025854
UDIN : 23025854BGRHXG2640

Place: Chennai
Date: 09th May, 2023

VARMA & VARMA * CHARTERED ACCOUNTANTS * CHENNAI

BELSTAR MICROFINANCE LIMITED

BALANCE SHEET AS AT MARCH 31, 2023

(Rs. In millions)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
I ASSETS			
1 Financial assets			
a) Cash and cash equivalents	6	12,812.45	7,218.36
b) Bank Balance other than (a) above	7	448.80	1,360.18
c) Receivables			
(I) Trade Receivables	8	7.61	3.46
(II) Other Receivables		-	-
d) Loans	9	46,275.36	35,542.53
e) Investments	10	528.64	
f) Other Financial assets	11	1,318.56	669.93
2 Non-financial Assets			
a) Current tax assets (Net)	41	362.15	-
b) Deferred tax assets (Net)	42	167.59	514.59
c) Investment Property	12	1.10	1.10
d) Property, Plant and Equipment	13	53.60	47.69
e) Right-of-use assets	14	97.12	97.29
f) Intangible assets under development	15	0.44	0.49
g) Other Intangible assets	16	7.95	6.81
h) Other non financial assets	17	187.64	140.43
Total Assets		**62,269.01**	**45,602.86**
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial Liabilities			
a) Derivative financial instruments	18	29.32	
b) Payables			
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	19	7.20	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19	24.55	2.74
(II) Other Payables		-	-
c) Debt Securities	20	6,215.71	3,807.89
d) Borrowings (other than debt securities)	21	40,399.64	30,118.88
e) Subordinated Liabilities	22	1,649.51	1,643.59
f) Lease liabilities	47 C	105.86	106.39
g) Other Financial liabilities	23	2,642.99	1,089.41
2 Non-financial Liabilities			
a) Current tax liabilities (net)	41	-	64.87
b) Provisions	24	81.86	61.54
c) Other non-financial liabilities	25	189.38	148.22
EQUITY			
a) Equity share capital	26	488.44	456.09
b) Other equity	27	10,434.55	8,103.24
Total Liabilities and Equity		**62,269.01**	**45,602.86**

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. 004532S

P.R Prasanna Varma
Partner
M. No.025854

Place: Chennai
Date: May 9, 2023

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

Kalpana Sankar

Dr.Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
Wholetime Director
(DIN. 09099182)

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary

BELSTAR MICROFINANCE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(Rs. In millions)

		Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
		Revenue from operations			
	(i)	Interest income	30	8,817.73	6,768.32
	(ii)	Fee and commission income	31	64.29	37.37
	(iii)	Net gain on fair value changes	32	27.47	7.87
	(iv)	Net gain on de-recognition of financial instruments under amortised cost category	33	1,403.12	458.73
(I)		**Total Revenue from operations**		**10,312.61**	**7,272.29**
(II)		Other Income	34	66.54	12.02
(III)		**Total Income (I + II)**		**10,379.15**	**7,284.31**
		Expenses			
	(i)	Finance costs	35	3,654.44	2,912.21
	(ii)	Fee and commission expense	36	263.79	196.68
	(iii)	Net loss on fair value changes	32	193.06	-
	(iv)	Impairment of financial instruments	37	1,445.79	1,497.50
	(v)	Employee benefit expenses	38	2,155.78	1,529.53
	(vi)	Depreciation, amortization and impairment	39	118.39	86.39
	(vii)	Other expenses	40	854.83	500.54
(IV)		**Total Expenses (IV)**		**8,686.08**	**6,722.85**
(V)		**Profit/(loss) before tax (III - IV)**		**1,693.07**	**561.46**
(VI)		**Tax Expense:**			
	(i)	Current tax	41	48.16	422.77
	(ii)	Deferred tax	42	351.25	(312.60)
	(iii)	Earlier years adjustments		(9.59)	-
(VII)		**Profit/(loss) for the period (V - VI)**		**1,303.25**	**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		(7.74)	(2.27)
		(ii) Changes in value of forward element of forward contract		(8.89)	-
		(iii) Tax impact thereon		4.18	(0.02)
		Subtotal (A)		**(12.45)**	**(2.29)**
	B)	**Items that will be classified to profit or loss**			
		(i) Fair value gain/ (loss) on Financial instruments measured at FVOCI		-	(17.89)
		(ii) Effective portion of gain on Hedging Instruments in Cash Flow Hedges		(0.23)	-
		(ii) Tax mpact thereon		0.06	6.18
		Subtotal (B)		**(0.17)**	**(11.71)**
		Other Comprehensive Income (A + B)		**(12.62)**	**(14.00)**
(IX)		**Total Comprehensive Income for the period (VII + VIII)**		**1,290.63**	**437.29**
(X)		**Earnings per equity share (Face Value - Rs 10 per share)**	43		
		Basic (Rs.)		27.12	12.01
		Diluted (Rs.)		27.12	12.01

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. 004532S

P.R Prasanna Varma
Partner
M. No.025854

Place: Chennai
Date: May 9, 2023

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

For and on behalf of Board of Directors

Dr.Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
Wholetime Director
(DIN. 09099182)

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary

BELSTAR MICROFINANCE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(Rs. In millions)

Particulars	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**
Operating activities		
Profit before tax	**1,693.07**	**561.46**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	118.39	86.39
Impairment on financial instruments	1,445.79	1,497.50
Finance cost	3,654.44	2,912.21
Net gain on fair value changes	(27.47)	(7.87)
Interest income on deposits	(286.68)	(163.05)
Operating Profit Before Working Capital Changes	**6,597.54**	**4,886.64**
Working capital changes		
(Increase) / Decrease in Trade receivables	(4.15)	(0.32)
(Increase) / Decrease in Loans	(11,985.56)	(9,220.45)
(Increase) / Decrease in Other financial asset	(724.37)	(10.89)
(Increase) / Decrease in Other non financial asset	(47.22)	(9.73)
Increase / (Decrease) in Trade and Other payables	29.01	(5.31)
Increase / (Decrease) in Other liabilities	1,378.29	234.09
Increase / (Decrease) in Provision	12.58	8.32
Cash flows from /(used in) operating activities before tax	**(4,743.88)**	**(4,117.65)**
Interest paid on borrowings	(3,476.05)	(3,009.62)
Income tax paid	(465.61)	(399.42)
Net cash flows from/(used in) operating activities	**(8,685.54)**	**(7,526.69)**
Investing activities		
Acquisition of fixed and intangible assets	(69.28)	(51.31)
Net gain on fair value changes	27.47	7.87
Investment in security receipts (ARC)	(721.70)	-
Investment in fixed deposits	911.38	(103.56)
Interest received on deposits	361.42	128.53
Net cash flows from/(used in) investing activities	**509.29**	**(18.47)**
Financing activities		
Proceeds from issue of shares	1,086.70	2,716.14
Proceeds from / (Repayment) of borrowings	12,763.79	7,587.22
Interest paid on Lease liabilities	(11.02)	(11.84)
Payment towards Lease liabilities	(55.45)	(37.97)
Dividend paid on equity shares	(13.68)	(11.26)
Net cash flows from financing activities	**13,770.34**	**10,242.29**
Net increase in cash and cash equivalents	**5,594.09**	**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 March 31,2023 /March 31, 2022	**12,812.45**	**7,218.36**

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. 004532S

P.R Prasanna Varma
Partner
M. No.025854

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

Place: Chennai
Date: May 9, 2023

For and on behalf of Board of Directors

Dr.Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
Wholetime Director
(DIN. 09099182)

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary

BELSTAR MICROFINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

A . Equity Share Capital

(Rs. In millions)

Particulars	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year -Share Issue	Balance at the end of the current reporting period
As at March 31,2023					
Equity Share Capital '4,88,44,055 ' Equity Shares of Rs.10/- each	456.09	-	-	32.35	**488.44**

Particulars	Balance at the beginning of the Previous reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the Previous reporting period	Changes in equity share capital during the current year	Balance at the end of the Previous reporting period
As at March 31,2022					
Equity Share Capital ' 4,56,08,760' Equity Shares of Rs.10/- each	375.21	-	-	80.88	**456.09**

B. Other Equity

(Rs. In millions)

Particulars	Reserves and Surplus									
	Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of India Act, 1934)	Capital Redemption Reserve(CRR)	Securities Premium	General Reserve	Remeasurement gain/ (loss) of defined benefit plans	Retained Earnings	Changes in value of forward element of forward contract	Effective portion of Cash Flow Hedges	Financial instruments measured at FVOCI	Total
As at March 31,2023										
Balance at the beginning of the current reporting period	646.14	500.00	5,020.25	0.01	-7.32	1,944.16	-	-	0.00	8,103.24
Total Comprehensive Income for the current year		-	-	-	-5.79	1,303.25	-6.66	-0.17	-	1,290.63
Dividends		-	-	-		-13.68				-13.68
Transfer to Statutory Reserve	260.65					-260.65				-
Premium on Issue of Share *		-	1,054.35	-						1,054.35
Balance at the end of the current reporting period	906.79	500.00	6,074.60	0.01	-13.11	2,973.08	-6.66	-0.17	0.00	10,434.54
As at March 31,2022										
Balance at the beginning of the Previous reporting period	555.88	500.00	2,384.99	0.01	-5.02	1,594.38	-	-	11.71	5,041.95
Total Comprehensive Income for the current year	-	-	-	-	-2.29	451.29	-	-	-11.71	437.29
Dividends	-	-	-	-		-11.26				-11.26
Transfer to Statutory Reserve	90.26	-	-	-		-90.26				-
Premium on Issue of Share *	-	-	2,635.26	-		-			-	2,635.26
Balance at the end of the Previous reporting period	646.14	500.00	5,020.25	0.01	-7.32	1,944.16	-	-	0.00	8,103.24

** Premium is net of Rs 13.30 Mn being transaction cost for issue of equity shares during the year 22-23. (21-22 -Rs 33.86 Mn)*

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. 004532S

VARMA & VARMA
CHENNAI
CHARTERED ACCOUNTANTS

P.R Prasanna Varma
Partner
M. No.025854
Place: Chennai
Date: May 9, 2023

For and on behalf of Board of Directors

Kalpanaa Sankar

Dr. Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
Wholetime Director
(DIN. 09099182)

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary

Belstar Microfinance Limited
Notes forming part of Financial Statements

Significant Accounting Policies

1. Corporate Information

Belstar Microfinance Limited, (the Company) is a Company incorporated under the Companies Act, 1956 having its registered office at No 33, 48th Street, 9th Avenue, Ashok Nagar, Chennai- 600083 and registered with the Reserve Bank of India as a non-banking financial company (NBFC) from March 2001. The Company is basically engaged in the business of providing loans and access to Credit to the Self-Help Group (SHG) members / Joint Liability Group (JLG) members known as "Pragati" and other loans like Education, Small Enterprise Loan (SEL) as part of financial inclusion space. The Company got classified as a NBFC - MFI effective December 11, 2013. The company is a Systemically Important Non - Deposit taking NBFC MFI (NDSI–NBFC-MFI) as at March 31, 2023

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Company have been prepared on going concern basis in accordance with the applicable Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards Rules), 2015 (as amended from time to time) and other accounting principles generally accepted in India.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

2.3 Impact of Covid-19

The Company continues to monitor and assess the impact of COVID-19 pandemic on its operations and financials, including the possibility of higher defaults by the customers. The Company has considered the information available up to the date of these results and have made adequate provisions in this regard to the extent required.

2.4 Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest millions, except when otherwise indicated.

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

3. Significant accounting policies

3.1 Recognition of interest income

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

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

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

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

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

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

3.2 Recognition of income and expenses

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

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

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

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

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

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

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

3.2.1 Dividend income

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

3.3 Financial instruments

3.3.1 Financial asset

Initial recognition

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

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

3.3.2 Initial and subsequent measurement

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

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

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

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

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

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

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

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

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

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

3.3.3 Financial liabilities

Initial Measurement

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

Subsequent Measurement

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

3.4 Derecognition of financial assets and liabilities

3.4.1 Financial Asset

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

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

a) The Company has transferred its contractual rights to receive cash flows from the financial asset

or

b) It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates

- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

  or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

3.4.2 Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.5 Offsetting

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

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

3.6 Impairment of financial assets

3.6.1 Overview of the Expected Credit Loss (ECL) principles

The Company has created provisions on all financial assets except for financial assets classified as FVTPL, based on the expected credit loss method.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month expected credit loss.

The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into three stages as described below:

<u>For non-impaired financial instruments</u>

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, The Company compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Company recognises lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.

<u>For impaired financial instruments:</u>

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Company recognises lifetime ECL for impaired financial instruments.

3.6.2 The calculation of ECLs

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

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

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

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

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Forward looking information

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

Write-offs

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

Collateral

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

Impairment of Trade receivables

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

3.7 Determination of fair value

The Company measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or
ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

3.8 Derivative financial instruments

The Company enters into derivative transactions with various counterparties to hedge its foreign currency risks. Derivative transaction consists of hedging of foreign exchange transactions, which includes forwards. The Company undertakes derivative transactions for hedging on-balance sheet liabilities. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently measured to their fair value at the end of each reporting period. Such derivative instruments are presented as assets in case of a fair value gain and as liabilities in case of fair value loss. Changes in the fair value of derivatives is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship. The Company has designated the derivative financial instruments as cash flow hedges of recognised liabilities and unrecognised firm commitments.

Hedge accounting

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as cash flow hedge.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

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CHENNAI 600 083

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

3.9 Finance cost

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

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

3.10 Other income and expenses

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

3.11 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Company's cash management.

3.12 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

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

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BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

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

3.12.1 Depreciation

Tangible assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is charged based on a review by the management during the year and at the rates derived based on the useful lives of the assets as specified in Schedule II of the Companies Act, 2013 on Written Down Value method. All fixed assets costing individually upto Rs. 5,000 is fully depreciated by the company in the year of its capitalisation.

The estimated useful lives are as follows:

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

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

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

3.13 Intangible assets

The Company's intangible assets consist of computer software.

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

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

Intangible assets comprising of software are amortised on a written down value basis over a period of 3 years The useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

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CHENNAI 600 083

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.14 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

The fair value of investment property is disclosed in the notes accompanying these financial statements. Fair value is determined by independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

3.15 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

3.16 Post employment benefits

3.16.1 Defined contribution schemes

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

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

3.16.2 Defined Benefit schemes

Gratuity

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

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

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

3.17 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

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3.18 Taxes

Income tax expense represents the sum of current tax and deferred tax.

3.18.1 Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.18.2 Deferred tax

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

3.18.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

3.19 Contingent Liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The company does not have any contingent assets in the financial statements.

3.20 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

3.21 Leases

As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

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BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

Lease payments included in the measurement of the lease liability comprise the following:
– Fixed payments, including in-substance fixed payments;
– Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– Amounts expected to be payable under a residual value guarantee; and
– The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease.

3.22 Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

4.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

4.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4.3 Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.4 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement in respect of the estimation of the amount and timing of future cash flows and collateral values and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.5 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

4.6 Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

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BELSTAR MICROFINANCE LIMITED * CHENNAI 600 083

5. Standard issued but not yet effective

On March 31, 2023, MCA notified the Companies (Indian Accounting Standards) Amendment Rules, 2023, with amendment to certain Ind AS that are applicable to the Company effective 1st April, 2023, as given below.

1. Ind AS 1 – Presentation of Financial Statements –
    a. Companies are now required to disclose material accounting policies instead of significant accounting policies.
    b. Accounting policy information considered together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements.
    c. Accounting policy information that relates to immaterial transactions, other events or conditions need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

On account of the amendment to Ind AS 1 consequential amendment have been made in Ind AS 107, Financial Instrument Disclosures and Ind AS 34, Interim Financial Reporting

2. Ind AS 8 – Accounting policies, Change in Accounting Estimates and Errors –
    a. The definition of 'change in account estimate' has been replaced by the definition of an 'accounting estimate'. As per the amendment, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty.
    b. The amendment states that a company develops an accounting estimate to achieve the objective set out by an accounting policy.
    c. As per the amendment, measurement techniques and inputs are used to develop an accounting estimate. Measurement techniques include estimation techniques and valuation techniques.

The Company has evaluated the effect of the above amendments on the financial statements and the impact is not expected to be material.

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

6: Cash and cash equivalents

(Rs. In millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	14.87	15.23
Balances with Banks		
- in current accounts	1,108.35	879.06
- Bank deposit with maturity of less than 3 months	11,689.23	6,324.07
Total	**12,812.45**	**7,218.36**

Short-term deposits are made for period varying between one day to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates.
The Company has not taken any bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and cash equivalent given above.

7: Bank balance other than cash and cash equivalents

(Rs. In millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Deposit with original maturity for more than three months.	76.26	166.56
Balances with banks to the extent held as security against the borrowings #	372.54	1,193.62
Total	**448.80**	**1,360.18**

It represents deposits maintained as cash collateral against term loans availed from banks and financial institutions and earn interest at the respective fixed deposit rates.

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

8: Trade Receivables

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Trade receivables		
Receivable considered good - Unsecured	7.61	3.46
Total	**7.61**	**3.46**
Provision for impairment :	-	-
Total Net receivable	**7.61**	**3.46**

Trade receivables includes Rs. 0.70 million (Previous year Rs. 2.48 million) receivable from related party refer Note 48 for more details.

Trade receivables are non-interest bearing and are generally on terms ranging from 30 days to 60 days from the date of invoice. During the year 2022-23, INR Nil (2021-22: INR Nil) was recognised as provision for expected credit losses on trade receivable.

8.1 Trade Receivable Ageing Schedule as at 31st March 2023

(Rs. in millions)

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 years	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	7.61	-	-	-	-	7.61
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-

Trade Receivable Ageing Schedule as at 31st March 2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 years	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	3.46	-	-	-	-	
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

9: Loans

(Rs. in millions)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Amortised Cost	Fair value Through OCI	Total	Amortised Cost	Fair value Through OCI	Total
(A)						
i) Receivables under financing activities	47,227.53		47,227.53	37,771.38		37,771.38
ii) Staff Loan	4.86		4.86	8.74		8.74
Total (A) - Gross	**47,232.39**	-	**47,232.39**	**37,780.12**	-	**37,780.12**
Less : Impairment loss allowance	(957.03)		**(957.03)**	(2,237.59)		**(2,237.59)**
Total (A) - Net	**46,275.36**	-	**46,275.36**	**35,542.53**	-	**35,542.53**
(B)						
I) Secured by tangible assets and intangible assets	35.54		35.54	12.06		12.06
II) Covered by Bank / Government Guarantees	-		-	-	-	-
III) Unsecured			-	-		
i) Receivables under financing activities	47,192.00		47,192.00	**37,759.32**	-	37,759.32
ii) Staff loan	4.85		4.85	8.74	-	8.74
Total (III) - Gross	**47,196.85**	-	**47,196.85**	**37,768.06**	-	**37,768.07**
Less : Impairment loss allowance	(957.03)		(957.03)	(2,237.59)	-	(2,237.59)
Total (III) - Net	**46,239.82**	-	**46,239.82**	**35,530.47**	-	**35,530.48**
Total (B) (I+II+III) - Net	**46,275.36**	-	**46,275.36**	**35,542.53**	-	**35,542.54**
(C)						
Public Sector				-		
Others	47,232.39	-	47,232.39	37,780.12	-	37,780.12
Total (C) - Gross	**47,232.39**	-	**47,232.39**	**37,780.12**	-	**37,780.12**
Less: Impairment Loss Allowance (C)	(957.03)	-	(957.03)	(2,237.59)	-	(2,237.59)
Total (C)- Net	**46,275.36**	-	**46,275.36**	**35,542.53**	-	**35,542.53**

Receivables under financing activities

Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 52 and policies on ECL allowances are set out in Note 3.6.

(Rs. in millions)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
High grade	45,599.87			**45,599.87**	33,246.69			**33,246.69**
Standard grade	170.27			**170.27**	587.50			**587.50**
Sub-standard grade		174.01		**174.01**		682.88		**682.88**
Past due but not impaired		143.43		**143.43**		1,118.05		**1,118.05**
Non - performing				-				-
Individually impaired			1,144.81	**1,144.81**			2,145.00	**2,145.00**
Total	**45,770.14**	**317.44**	**1,144.81**	**47,232.39**	**33,834.19**	**1,800.93**	**2,145.00**	**37,780.12**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to receivables under financing activities is, as follows:

(Rs. in millions)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**33,834.19**	**1,800.93**	**2,145.00**	**37,780.12**	**27,699.10**	**335.41**	**783.18**	**28,817.69**
New assets originated or purchased (net of repayment)	41,626.14	-	-	**41,626.14**	30,709.05	-	-	**30,709.05**
Assets derecognised or repaid (excluding write offs)	(26,885.94)	(542.57)	(2,025.90)	**(29,454.41)**	(21,389.95)	(101.09)	(27.27)	**(21,518.31)**
Transfers to Stage 1	34.42	(30.97)	(3.45)	-	79.08	(77.84)	(1.24)	-
Transfers to Stage 2	(634.69)	637.71	(3.02)	-	(1,698.50)	1,699.65	(1.15)	-
Transfers to Stage 3	(2,203.98)	(1,547.66)	3,751.64	-	(1,564.59)	(55.20)	1,619.79	-
Amounts written off (Refer Note 9.1)			(2,719.46)	(2,719.46)	-	-	(228.31)	**(228.31)**
Gross carrying amount closing balance	**45,770.14**	**317.44**	**1,144.81**	**47,232.39**	**33,834.19**	**1,800.93**	**2,145.00**	**37,780.12**

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

Reconciliation of ECL balance is given below:

(Rs. in millions)

Particulars	For the year ended March 31, 2023				For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**114.09**	**504.25**	**1,619.25**	**2,237.59**	**264.76**	**97.77**	**617.69**	**980.22**
New assets originated or purchased	175.44	-	-	**175.44**	71.13	-	-	**71.13**
Assets derecognised or repaid (excluding write offs)	(111.81)	(92.24)	(186.98)	**(391.03)**	(126.47)	(32.69)	(78.74)	**(237.90)**
Transfers to Stage 1	9.42	(7.01)	(2.41)	-	35.04	(31.27)	(3.77)	-
Transfers to Stage 2	(49.68)	51.78	(2.10)	-	(46.09)	48.51	(2.42)	-
Transfers to Stage 3	(110.10)	(455.62)	565.72	-	(105.20)	(21.92)	127.12	-
Impact on year end ECL of exposures transferred between stages during the year	3.41	85.56	1,565.52	**1,654.49**	20.92	443.85	1,187.68	**1,652.45**
Amounts written off (Refer Note 9.1)	-	-	(2,719.46)	**(2,719.46)**	-	-	(228.31)	**(228.31)**
ECL allowance - closing balance	**30.77**	**86.72**	**839.54**	**957.03**	**114.09**	**504.25**	**1,619.25**	**2,237.59**

9.1 Sale of Assets to ARC

During the year, the Company has sold financial assets being stressed loan receivables (>180 days past due) having a gross carrying amount of Rs. 2,500.96 million to an Asset Reconstruction Company ("ARC") for a consideration of Rs. 830.00 million. The net carrying amount of these loan receivables as on the effective date of transfer was Rs. 636.94 (net of impairment allowance of Rs. 1,864.02 million). In accordance with Ind AS 109, the Company has written off Rs. 1670.96 million (i.e Rs. 2,500.96 million less Rs. 830 million) against the corresponding impairment allowance, being the portion of gross carrying amount in respect of which any reasonable expectation of recovery stands extinguished with the above mentioned sale transaction. Further, the residual excess provision carried under impairment allowance Rs 193.06 million has been written back during the year with corresponding impact in Note No. 37. As per the agreed terms, the Company has subscribed to the Security Receipts ("SRs") issued by the ARC trust amounting to Rs. 721.70 million, which is classified under Fair Value through Profit or Loss Account. Since the transaction had consummated on 28th March, 2023, obtaining recovery ratings and declaration of the Net Asset Value (NAV) by the ARC Trust would commence from the half year ended September 30, 2023 only. As at March 31, 2023, the Company has also applied the principles prescribed under the Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021 in determining the fair value of the SR's and accordingly, a loss on fair value changes considering the notional provisioning rate applicable if these loans had continued in the books of the Company amounting to Rs. 193.06 million has been recognised against the face value of these SRs, as disclosed under Note No. 32.

The gross and net carrying amounts stated above does not include unrealised interest on these NPA loans recognised by the Company amounting to Rs. 162.36 million. Upon completion of the sale transaction, the same has also been de-recognised with corresponding impact in Note No. 30.

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

10: Investments (Rs. in millions)

Particulars	As at March 31, 2023						As at March 31, 2022					
	Amortised Cost	Fair value Through OCI	Fair value Through Profit or Loss	Sub -total	Cost	Total	Amortised Cost	Fair value Through OCI	Fair value Through Profit or Loss	Sub -total	Cost	Total
i) Security receipts (Refer Note 9.1) (7,21,700 Nos. of SRs issued by Trust having a face value of Rs 1000 each) *	-	-	528.64	528.64	-	528.64	-	-	-	-	-	-
Total Gross (A)	-	-	528.64	528.64	-	528.64	-	-	-	-	-	-
i) Overseas investments												
ii) Investments in India	-	-	528.64	528.64	-	528.64	-	-	-	-	-	-
Less : Allowance for impairment loss (B)	-	-	-	-	-	-	-	-	-	-	-	-
Total - Net C = (A) - (B)	-	-	528.64	528.64	-	528.64	-	-	-	-	-	-

* For basis of determination of Fair Value Refer Note 9.1

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

11: Other financial assets

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, Considered Good		
Security deposits	31.21	24.94
Receivable towards assignment transactions	202.71	105.22
Excess interest spread receivable on assignment transactions	1,047.19	427.59
Interest accrued on fixed deposits with banks	37.45	112.18
Total	**1,318.56**	**669.93**

12: Investment property

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Gross carrying amount		
Opening gross carrying amount	1.10	1.10
Addition during the year	-	-
Disposal	-	-
Closing gross carrying amount	**1.10**	**1.10**
Accumulated depreciation		
Opening accumulated depreciation amount	-	-
Depreciation charged during the period	-	-
Closing accumulated depreciation amount	-	-
Net carrying amount	**1.10**	**1.10**

The fair value of investment property is Rs. 1.45 millions (Rs. 1.45 millions for previous year) as determined by an external independent Registered Valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

Notes forming part of the Ind AS Financial Statements

13: Property, plant and equipment (Rs. in millions)

Particulars	Office equipment	Computers	Furniture & Fixtures	Vehicles	Total
Cost:					
At April 1, 2021	45.12	101.28	20.40	1.47	168.27
Additions	11.13	31.89	4.36	-	47.38
Disposals	-	-	-	-	-
As at March 31, 2022	**56.25**	**133.17**	**24.76**	**1.47**	**215.65**
Additions	18.80	31.28	10.23	-	60.31
Disposals	-	-	-	-	-
As at March 31, 2023	**75.05**	**164.45**	**34.99**	**1.47**	**275.96**
Accumulated depreciation					
At April 1, 2021	32.01	82.83	16.51	1.16	132.51
Disposals	-	-	-	-	-
Depreciation charge for the year ended 31 March, 2022	12.50	18.62	4.23	0.11	35.46
As at March 31, 2022	**44.51**	**101.45**	**20.74**	**1.27**	**167.97**
Disposals	-	-	-	-	-
Depreciation charge for the year ended 31 March, 2023	16.07	30.93	7.33	0.06	54.39
As at March 31, 2023	**60.58**	**132.38**	**28.07**	**1.33**	**222.36**
Net book value:					
As at March 31, 2022	**11.74**	**31.72**	**4.02**	**0.20**	**47.69**
As at March 31, 2023	**14.47**	**32.07**	**6.92**	**0.14**	**53.60**

14: Right of use of assets (Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening carrying value	97.29	72.89
Addition during the year	55.92	64.86
Depreciation for the year	(56.09)	(40.46)
Closing Carrying value	97.12	97.29

15: Intangible assets under development

Particulars	As at March 31, 2023	As at March 31, 2022
Opening carrying value	0.49	0.55
Capitalised during the year	(0.05)	(0.06)
Closing Carrying value	0.44	0.49

VARMA & VARMA * CHARTERED ACCOUNTANTS * CHENNAI

BELSTAR MICROFINANCE LIMITED * CHENNAI 600 083

Notes forming part of the Ind AS Financial Statements

As at March 31, 2023

Intangible assets under development	Amount in intangible assets under development for a period of				(Rs. in millions)
	Less than 1 year	1 -2 years	2 - 3 years	More than 3 years	Total
Projects in progress	0.44				**0.44**

As at March 31, 2022

Intangible assets under development	Amount in intangible assets under development for a period of				(Rs. in millions)
	Less than 1 year	1 -2 years	2 - 3 years	More than 3 years	Total
Projects in progress	0.49				**0.49**

16: Other Intangible Assets (Rs. in millions)

Particulars	Computer Software
Cost:	
At April 1, 2021	79.31
Additions	4.00
Disposals	-
As at March 31, 2022	**83.31**
Additions	9.02
Disposals	-
As at March 31, 2023	**92.33**
Accumulated amortisation	
At April 1, 2021	66.00
Amortisation charge for the year ended March 31, 2022	10.50
As at March 31, 2022	**76.50**
Disposals	-
Amortisation charge for the year ended March 31, 2023	7.88
As at March 31, 2023	**84.38**
Net book value:	
As at March 31, 2022	**6.81**
As at March 31, 2023	**7.95**

17: Other Non-financial assets (Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	78.93	45.42
Insurance claim receivable	17.43	10.83
Other Receivables	91.28	84.18
Total	**187.64**	**140.43**

VARMA & VARMA * CHARTERED ACCOUNTANTS * CHENNAI

BELSTAR MICROFINANCE LIMITED * CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

18:Derivative financial instruments

(Rs. In millions)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Notional amounts (USD)	Notional amounts (INR)	Fair value-Assets	Fair value-Liabilities	Notional amounts (USD)	Notional amounts (INR)	Fair value-Assets	Fair value-Liabilities
Currency derivatives								
Forward contracts	33.24	2,767.06	-	29.32	-	-	-	-
Total	**33.24**	**2,767.06**	**-**	**29.32**	**-**	**-**	**-**	**-**
Included in above are derivatives held for hedging and risk management purposes as follows:								
Cash flow hedging:								
Currency derivatives	33.24	2,767.06	-	29.32	-	-	-	-
Total	**33.24**	**2,767.06**	**-**	**29.32**	**-**	**-**	**-**	**-**

The Company undertakes derivative transactions for hedging exposures relating to foreign currency borrowings. Derivative transaction comprises of forward contracts. The management of foreign currency risk is detailed in Note 52. The fair value of derivative liability as disclosed above represents the marked to market position of these forward contracts.

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

19 : Trade Payables

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	7.20	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	24.55	2.74
Total	**31.75**	**2.74**

19.A.1 Trade Payable Ageing Schedule as at 31st March 2023

(Rs. in millions)

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) MSME	7.20	-	-	-	7.20
(ii) Others	24.55	-	-	-	24.55
(iii) Disputed dues - MSME					-
(iv) Disputed dues - Others					-

Trade Payable Ageing Schedule as at 31st March 2022

(Rs. in millions)

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	2.74	-	-	-	2.74
(iii) Disputed dues - MSME					-
(iv) Disputed dues - Others					-

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

20: Debt Securities

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
	At amortised cost	At amortised cost
Bonds/ Debentures		
Secured Non-Convertible Debentures - Listed	6,215.71	3,807.89
Unsecured Non-Convertible Debentures -Listed	-	-
Total (A)	**6,215.71**	**3,807.89**
Debt securities in India	6,215.71	3,807.89
Debt securities outside India	-	-
Total (B)	**6,215.71**	**3,807.89**

Details of Redeemable Non-Convertible Debentures

Particulars	As at March 31, 2023			As at March 31, 2022					
	Loan Amount	EIR Adjustments	Balance outstanding	Loan Amount	EIR Adjustments	Balance outstanding	Date of redemption	Nominal value per debenture #	Total number of debentures #
Secured Non-Convertible Debentures									
9.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	-	400.00	(0.08)	399.92	13-05-2022	10,00,000.00	400.00
9.35% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	-	62.50	(0.03)	62.47	03-06-2022	2,50,000.00	250.00
10.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	-	114.28	(0.00)	114.28	15-09-2022	2,85,715.00	400.00
10.58% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	500.00	(0.05)	499.95	500.00	(0.89)	499.11	21-04-2023	10,00,000.00	500.00
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	250.00	(0.07)	249.93	250.00	(0.58)	249.42	16-05-2023	10,00,000.00	250.00
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	200.00	(0.09)	199.91	200.00	(0.48)	199.52	17-06-2023	10,00,000.00	200.00
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	700.00	(0.37)	699.63	700.00	(1.74)	698.26	30-06-2023	10,00,000.00	700.00
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	350.00	(0.50)	349.50	350.00	(2.24)	347.76	07-07-2023	10,00,000.00	350.00
8.5%Senior,Secured,Redeemable,Rated,Listed,Taxable,Non-Convertible Debentures	1,250.00	(6.53)	1,243.47	1,250.00	(12.85)	1,237.15	28-02-2024	10,00,000.00	1,250.00
9.35%Senior,Secured,Redeemable,Rated,Listed,Taxable,Non-Convertible Debentures	3,000.00	(26.68)	2,973.32	-	-	-	21-08-2024	10,00,000.00	3,000.00
Total	6,250.00	(34.29)	6,215.71	3,826.78	(18.89)	3,807.89			
Unsecured Non-Convertible Debentures -Listed									
11.98% Unsecured, Fully Paid, Rated, Listed, Senior, Redeemable, Taxable, Non-Convertible Debentures	-	-	-	-	-	-	31-07-2021	1,00,000.00	2,000.00
Total	-	-	-	-	-	-			

Secured debentures are secured by hypothecation of receivables under Financing activity.

Nominal value per debenture and total number of debentures are in full numbers.

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

21: Borrowings (other than debt securities)

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
	At amortised cost	At amortised cost
(a) Term loan		
(i) from banks		
Rupee Loans	37,369.29	28,925.83
Foreign currency Loans	2,716.03	-
(ii) from Financial Institution	314.32	1,193.05
	-	-
Total (A)	**40,399.64**	**30,118.88**
Borrowings in India	40,399.64	30,118.88
Borrowings outside India	-	-
Total (B)	**40,399.64**	**30,118.88**

(i) Term loan from banks and financial institution are secured by way of specific charge on receivables created out of the proceeds of the loan. Further in respect of term loan drawn during quarter 4 of FY 2022-23 aggregating to Rs 7,650 Million ,the company will assign the book debts in due course as per the sanction terms.

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

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

VARMA & VARMA * CHARTERED ACCOUNTANTS * CHENNAI

BELSTAR MICROFINANCE LIMITED * CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

22: Subordinated Liabilities (Rs. In millions)

Particulars	As at March 31, 2023	As at March 31, 2022
	At amortised cost	At amortised cost
Subordinated Liabilities - Debentures - Unlisted	657.93	657.33
Subordinated Liabilities - Debentures - Listed	742.36	737.29
Subordinated Liabilities - Loan	249.22	248.97
Total (A)	**1,649.51**	**1,643.59**
Subordinated Liabilities in India	1,649.51	1,643.59
Subordinated Liabilities outside India	-	-
Total (B)	**1,649.51**	**1,643.59**

Detail of Subordinated Debt

	As at March 31, 2023			As at March 31, 2022					
Particulars	Loan Amount	EIR Adjustments	Balance outstanding	Loan Amount	EIR Adjustments	Balance outstanding	Date of redemption	Nominal value per debenture #	Total number of debentures #
Subordinated Liabilities - Debentures - Unlisted									
12% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	70.00	-	70.00	70.00	-	70.00	31-07-2023	10,00,000.00	70.00
14% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable,Non-Convertible Debentures	200.00	(1.28)	198.72	200.00	(1.67)	198.33	11-09-2025	10,00,000.00	200.00
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable,Non-Convertible Debentures	240.00	(0.79)	239.21	240.00	(1.00)	239.00	03-12-2025	1,00,000.00	2,400.00
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable,Non-Convertible Debentures	150.00	-	150.00	150.00	-	150.00	15-05-2026	1,00,000.00	1,500.00
Total	**660.00**	**(2.07)**	**657.93**	**660.00**	**(2.67)**	**657.33**			
Subordinated Liabilities - Debentures - Listed									
11.5% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures	250.00	(1.95)	248.05	250.00	(6.19)	243.81	31-05-2023	1,000.00	2,50,000.00
14.50% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable,Non-Convertible Debentures	500.00	(5.69)	494.31	500.00	(6.52)	493.48	30-09-2027	10,00,000.00	500.00
Total	750.00	**(7.64)**	**742.36**	**750.00**	**(12.71)**	**737.29**			
Subordinated Liabilities - Loan									
14.50% Unsecured, Subordinated Loan	250.00	(0.78)	249.22	250.00	(1.03)	248.97	23-12-2025		
Total	250.00	(0.78)	**249.22**	250.00	(1.03)	**248.97**			

Nominal value per debenture and total number of debentures are in full numbers.

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

Notes forming part of the Ind AS Financial Statements

Terms of repayment of long term borrowings outstanding as at 31 March 2023

Maturity pattern of Debt securities

Type of Loan	Secured & Unsecured NCD	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
Original Maturity of loan	Coupon rate	No of Installments	Amount	-	Amount	No of Installments	Amount	No of Install ments	Amount	No of Install ments	Amount	No of Install ments	Amount	No of Installments	Amount
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	7	3,226.05	1.00	2,989.66	-	-	-	-	-	-	-	-	8.00	6,215.71
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		**7**	**3,226.05**	**1.00**	**2,989.66**	-	-	-	-	-	-	-	-	**8.00**	**6,215.71**

Maturity pattern of term loan from Bank

(Rs. in millions)

Type of Loan	Term Loan - Bank	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
Original Maturity of loan	Coupon rate	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Install ments	Amount	No of Install ments	Amount	No of Install ments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	475	7,304.58	164	3,778.56	18	1,049.27	-	-	-	-	-	-	657	12,132.41
	10%-12%	419	4,949.38	86	1,796.61	-	-	-	-	-	-	-	-	505	6,745.99
	12%-14%	15	100.45	-	-	-	-	-	-	-	-	-	-	15	100.45
Quarterly repayment schedule	8%-10%	351	7,234.03	231	6,595.14	46	2,475.60	-	-	-	-	-	-	628	16,304.77
	10%-12%	111	1,627.12	14	458.55	-	-	-	-	-	-	-	-	125	2,085.67
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		**1,371**	**21,215.56**	**495**	**12,628.86**	**64**	**3,524.87**	-	-	-	-	-	-	**1,930**	**37,369.29**

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

Maturity pattern of term loan from Bank

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Type of Loan	Term Loan -Foreign currency Loans	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
Original Maturity of loan	Coupon rate	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Quarterly repayment schedule	8%-10%	4	1,091.98	4	1,079.80	2	544.25	-	-	-	-	-	-	10	2,716.03
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		4	1,091.98	4	1,079.80	2	544.25	-	-	-	-	-	-	10	2,716.03

Maturity pattern of term loan from Financial Institution

(Rs. in millions)

Type of Loan	Term Loan - NBFC	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
Original Maturity of loan	Coupon rate	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	12	89.03	-	-	-	-	-	-	-	-	-	-	12	89.03
	10%-12%	18	104.22	-	-	-	-	-	-	-	-	-	-	18	104.22
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	5	121.07	-	-	-	-	-	-	-	-	-	-	5	121.07
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		35	314.32	-	-	-	-	-	-	-	-	-	-	35	314.32

Maturity pattern of Subordinated Liabilities

(Rs. In millions)

Type of Loan	Un Secured - Sub Debt	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
Original Maturity of loan	Coupon rate	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-		-
	10%-12%	2.00	317.10	-	-	-	-	-	-	-	-	-	-	-	317.10
	12%-14%	-	-	-	-	1.00	198.18	-	-	-	-	-	-	-	198.18
	14%-15%	-	-	-	-	3.00	486.56	1.00	148.51	1	499.16	-	-	-	1,134.23
Total		2.00	317.10	-	-	4	684.74	1.00	148.51	1	499.16	-	-	-	1,649.51

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

23: Other Financial liabilities

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	439.05	222.60
Payable towards assignment transactions	2,128.40	866.81
Others	75.54	-
Total	**2,642.99**	**1,089.41**

24: Provisions

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
- Gratuity	11.20	4.34
- Others	63.99	49.65
Provision for other losses	6.67	7.55
Total	**81.86**	**61.54**

Movement of provisions other than employee benefit during the year:

The movement in provisions during 2022-23 and 2021-22 is, as follows:

(Rs. in millions)

Particulars	Others Amount
At March 31, 2021	**5.46**
Arising during the year	2.40
Utilized during the year	(0.31)
At March 31, 2022	**7.55**
Arising during the year	0.25
Utilized during the year	(1.13)
At March 31, 2023	**6.67**

25: Other Non-financial liabilities

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	41.02	14.61
Employees payable	99.24	57.35
Insurance premium payable	2.15	12.06
Other non financial liabilities	46.97	64.20
Total	**189.38**	**148.22**

VARMA & VARMA * CHARTERED ACCOUNTANTS * CHENNAI

BELSTAR MICROFINANCE LIMITED * CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

26: Equity share capital

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised:		
100,000,000 (PY 100,000,000) Equity Shares of Rs.10/- each	1,000.00	1,000.00
Issued, subscribed and fully paid up		
4,88,44,055 (PY 45,608,760) Equity Shares of Rs.10/- each	488.44	456.09
Total Equity	**488.44**	**456.09**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	No. in millions	Rs. in millions
At April 1, 2021	**37.52**	**375.21**
Issued during the year	8.09	80.88
At March 31, 2022	**45.61**	**456.09**
Issued during the year *	3.23	32.30
At March 31, 2023	**48.84**	**488.39**

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

* Pursuant to the approval the shareholders of the company at the Extra ordinary meeting held at May 31,2022 for issue of Equity shares on a preferential basis through private placement, the Board at its meeting held on June 29,2022 approved the allotment of 32,35,295 nos. of Equity shares of face value Rs. 10/- each at a price of Rs. 340/- each (including a Premium of Rs. 330/- per share) aggregating up to Rs. 1,100.00 Mn (Rupees One Thousand and Hundred million only).

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. in millions	**% holding in the class**	**No. in millions**	**% holding in the class**
Muthoot Finance Limited (Holding Company)	27.83	56.97	27.68	60.69
Arum Holdings limited	7.65	15.66	6.62	14.51
Sarvam Financial Inclusion Trust, Kancheepuram	5.99	12.26	6.13	13.45
Maj Invest Financial Inclusion Fund II K/S	4.79	9.81	4.79	10.51

SHAREHOLDING OF PROMOTERS

Shares held by promoters at the end of the year			% Change During the year
Promoter name	**No. of Shares**	**%of total shares**	
Sarvam Financial Inclusion Trust	5,987,161	12.26	-2.40
Hand in Hand Consulting Services Private Limited	341,237	0.70	0.00
Dr Kalpana Sankar	43,850	0.09	0.00
Mr. C V Sankar	100	0.00	0.00
Ms D Bindu	100	0.00	0.00

27: Other equity

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of India Act, 1934)	906.80	646.14
Securities Premium Account	6,074.60	5,020.25
Capital Redemption Reserve(CRR)	500.00	500.00
General Reserve	0.01	0.01
Remeasurement gain/ (loss) of defined benefit plans-OCI	(13.11)	(7.31)
Change in value of forward contract-OCI	(6.66)	-
Effective portion of gain on Hedging Instruments in Cash Flow Hedges-OCI	(0.17)	-
Surplus in Statement of Profit and Loss	2,973.08	1,944.15
Total	**10,434.55**	**8,103.24**

* For detailed movement of reserves refer Statement of Changes in equity for the year ended March 31, 2023.

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

28: Nature and purpose of reserve

Securities Premium Reserve: Securities premium reserve is used to record the premium on issue of shares. The premium received during the period represents the premium received towards allotment of 32,35,240 *(FY 21-22 80,88,236)* shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares, buy back of its own shares and securities in accordance with the provisions of the Companies Act, 2013.

Retained earnings: This Reserve represents the cumulative profits of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

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

Capital Redemption Reserve: The Company has recognised Capital Redemption Reserve on redemption of Non-Convertible Redeemable Preference Shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the Non-Convertible Redeemable Preference Shares redeemed. The Company may issue fully paid up bonus shares to its members out of the capital redemption reserve account.

Statutory reserve: This reserves is created by an appropriation and is required to maintain on its balance sheet with respect to the unmatured obligations (i.e., expected future claims) of the company.

General Reserve: This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized by the Company in accordance with the provisions of the Companies Act, 2013.

Other comprehensive income reserve:
The Company recognises changes in the fair value of debt instruments held with business objective of collect and sell in other comprehensive income. These changes are accumulated in OCI reserve within equity. The Company transfers amounts from this reserve to the statement of profit and loss when the debt instrument is sold. Any impairment loss on such instruments is reclassified immediately to the statement of profit and loss.

Effective portion of cash flow hedges represents the cumulative gains/(losses) arising on changes in fair value of the derivative instruments designated as cash flow hedges through OCI. The amount recognized as effective portion of Cash flow hedge is reclassified to profit or loss when the hedged item affects profit or loss. The company designates the spot element of foreign currency forward contracts as hedging instruments. The changes in the fair value of forward element of the forward contract on reporting date is deferred and retained in the cost of hedging reserve.

29: Dividend paid and proposed

(Rs. in millions)

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Final dividend for previous fiscal year	13.68	11.26
Interim dividend for current fiscal year	-	-

The Board of Directors recommended a final dividend of Rs.0.60/- per equity share for the financial year ended March 31, 2023. The payment is subject to the approval of the shareholders in the ensuing Annual General meeting of the Company.

VARMA & VARMA * CHARTERED ACCOUNTANTS * CHENNAI

BELSTAR MICROFINANCE LIMITED * CHENNAI 600 083

30: Interest income

(Rs. in millions)

Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Total	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Total
Interest on Loans						
Interest income on loan	-	8,529.10	8,529.10	-	6,603.31	6,603.31
Interest income from fixed deposits	-	286.68	286.68	-	163.05	163.05
Other interest income	-	1.95	1.95	-	1.96	1.96
Total	-	8,817.73	8,817.73	-	6,768.32	6,768.32

31: Fee and commission income

(Rs. in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Commission fees	64.29	37.37
Sale of services	**64.29**	**37.37**
Fee income that are recognised over a certain period of time	-	-
Fee income that are recognised at point in time	64.29	37.37
Sale of services	**64.29**	**37.37**
Geographical markets		
India	64.29	37.37
Outside India	-	-
Total	64.29	37.37

32: Net gain (Loss) on fair value changes on investments

(Rs. in millions)

32 A: Net gain on fair value changes on investments

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio	-	-
- Investments	27.47	7.87
- Derivatives	-	-
- Others	-	-
Total Net gain/(loss) on fair value changes	27.47	7.87
Fair Value changes:		
- Realised	27.47	7.87
- Unrealised	-	-
Total Net gain on fair value changes	27.47	7.87

32 B: Net loss on fair value changes on investments

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net loss on financial instruments at fair value through profit or loss		
On financial instruments designated at fair value through profit or loss (Refer Note 9.1)	193.06	-
Total Net gain/(loss) on fair value changes	193.06	-
Fair Value changes:		
- Realised	-	-
- Unrealised	193.06	-
Total Net loss on fair value changes	193.06	-

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

Notes forming part of the Ind AS Financial Statements

33: Net gain on de-recognition of financial instruments under amortised cost category (Rs. in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net Gain on sale of loan portfolio through assignment	1,403.12	458.73
Total	**1,403.12**	**458.73**

34: Other Income (Rs. in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Bad debt recovery	65.93	11.72
Other income	0.61	0.30
Total	**66.54**	**12.02**

35: Finance Costs (Rs. in millions)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost
Interest Expense on Borrowings:				
Interest on borrowings	-	2,948.99	-	2,132.09
Interest on debt securities	-	450.76	-	528.38
Interest on subordinate liabilities	-	233.31	-	235.62
Interest on Lease liability	-	11.02	-	11.84
Other charges	-	10.36	-	4.28
Total	**-**	**3,654.44**	**-**	**2,912.21**

36: Fee and commission expense (Rs. in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Fee and commission expense	263.79	196.68
Total	**263.79**	**196.68**

37: Impairment of financial instruments

The below table show impairment loss on financial instruments charge to statement of profit and loss based on category of financial instrument:

(Rs. in millions)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	On Financial instruments measured at fair value	On Financial instruments	On Financial instruments	On Financial instruments
Loans	-	1,438.90	-	1,485.70
Interest Only strip	-	7.77	-	9.18
Other Assets	-	(0.88)	-	2.62
Total	**-**	**1,445.79**	**-**	**1,497.50**

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

VARMA & VARMA ★ CHARTERED ACCOUNTANTS ★ CHENNAI

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

38: Employee Benefit Expenses

(Rs. in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and Wages	1,964.58	1,393.39
Contributions to Provident and Other Funds	168.23	121.03
Staff Welfare Expenses	22.97	15.11
Total	**2,155.78**	**1,529.53**

39: Depreciation, amortization and impairment

(Rs. in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of Tangible Assets	54.41	35.43
Amortization of Intangible Assets	7.89	10.50
Amortisation of Right to use Asset	56.09	40.46
Total	118.39	86.39

40: Other Expenses

(Rs. in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	30.47	24.80
Electricity Charges	12.02	8.19
Business Promotion Expenses	11.88	5.78
Bank charges	50.91	25.73
Repairs to Buildings	26.67	19.31
Repairs to Machinery	68.66	40.81
Communication expense	46.93	31.14
Postage and courier	3.97	3.09
Printing and Stationery	32.79	16.75
Rates & Taxes	5.92	3.32
Legal & Professional Charges	105.85	66.75
Travelling and Conveyance	292.23	141.06
Insurance	41.72	25.51
Payments to Auditor	2.97	2.50
Membership and subscription	7.69	7.36
Directors' Sitting Fee	8.21	8.55
Credit Bureau expenses	22.14	8.05
Cloud charges	50.83	29.10
CSR Expenses	16.43	20.51
Loss on account of theft	0.39	1.13
Other expenses	16.15	11.10
Total	**854.83**	**500.54**

Break up of payment to auditors

(Rs. in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
auditor:		
Statutory audit	1.66	1.47
Tax audit	0.28	0.22
Limited review	0.87	0.65
Certification fees	0.16	0.16
	2.97	**2.50**

Details of CSR expenditure:

(Rs. in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a) Amount required to be spent by the company during the year	16.43	19.61
b) Total of previous years shortfall *	-	0.86
c) Amount spent during the period (including towards previous year's shortfall)		
- Construction/acquisition of any asset - In cash	-	-
- on purpose other than above	16.43	20.51
d) Shortfall at the end of the year	-	-
e) Reason for Shortfall	NA	NA
f) Nature of CSR [illegible]		

41: Income Tax

The components of income tax expense for the year ended March 31, 2023 and year ended March 31, 2022 are:

(Rs. in millions)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax	48.16	422.77
Deferred tax relating to origination and reversal of temporary differences	351.25	(312.60)
Earlier years adjustments	(9.59)	-
Income tax expense reported in statement of profit and loss	**389.82**	**110.17**
Deferred tax related to items recognised in OCI during the period:		
Tax asset / (liability) due to Fair value impact on debt instruments measured at FVOCI	-	6.18
Tax asset / (liability) due to Effective portion of gain on Hedging Instruments in Cash Flow Hedg	0.06	-
Tax asset / (liability) on remeasurements of defined benefit plans	1.95	(0.02)
Tax asset / (liability) due to Change in value of forward contract	2.23	-
Income tax charged to OCI	**4.24**	**6.16**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2023 and year ended March 31, 2022 is, as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Tax rate as per IT Act, 1961	**25.17%**	**25.17%**
Accounting profit before tax	1,693.08	561.47
At India's statutory income tax rate of 25.168%	426.11	141.31
Effect of expenses that are not deductible in determining taxable profit	5.55	5.89
Deductions	(42.78)	(43.03)
Effect of income that is exempt from taxation		-
Interest on delayed payment of advance tax		-
Others	0.94	6.00
Income tax expense reported in the statement of profit or loss	**389.82**	**110.17**

The effective income tax rate for March 31, 2023 is 23.02% (March 31, 2022 is 19.62%)

Current tax Asset (net)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax Asset (net)	362.15	-
Total	362.15	-

Current tax liabilities (net)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax liabilities (net)	-	64.87
Total	-	64.87

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

42: Deferred tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

Deferred tax working for the year ended March 31, 2023

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	March 31, 2023	March 31, 2023	2022-23	2022-23
Depreciation	20.08	-	(3.46)	-
Impact of expenditure charged to the Statement of Profit and Loss in the current year but claimed as expense for tax purpose on payment basis.	1.01	-	14.53	(1.95)
Impairment allowance for financial assets	290.61	-	251.45	-
Debt financial asset measured at amortised cost	134.96	-	(64.84)	-
Financial liability measured at amortised cost (Borrowings)	-	(35.37)	14.61	-
Impact due to gain/loss on fair value of assignment transactions	-	(248.81)	138.88	-
Impact due to gain/loss on fair value of FVOCI loans	2.24	-	-	(2.23)
Right-of-use asset	2.81	-	0.08	
Cash Flow Hedge Reserve	-	0.06	-	(0.06)
Total	**451.71**	**(284.12)**	**351.25**	**(4.24)**

Deferred tax working for the year ended March 31, 2022

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	March 31, 2022	March 31, 2022	2021-22	2021-22
Depreciation	16.62	-	6.04	-
Impact of expenditure charged to the Statement of Profit and Loss in the current year but claimed as expense for tax purpose on payment basis.	13.59	-	8.82	0.02
Impairment allowance for financial assets	542.06	-	(311.27)	-
Debt financial asset measured at amortised cost (loans to customer)	70.12	-	(6.86)	-
Financial liability measured at amortised cost (Borrowings)	-	(20.76)	(9.08)	-
Impact due to gain/loss on fair value of assignment transactions	-	(109.93)	0.26	-
Impact due to gain/loss on fair value of FVOCI loans	-	-	-	(6.18)
Right-of-use asset	2.89	-	(0.50)	-
Total	**645.28**	**(130.69)**	**(312.59)**	**(6.16)**

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

43 Earnings per share

(Rs. in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net profit attributable to ordinary equity holders	1,303.25	451.29
Weighted average number of ordinary shares for basic earnings per share	48.05	37.59
Effect of dilution:	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	48.05	37.59
Earnings per share		
Basic earnings per share (Rs.)	**27.12**	**12.01**
Diluted earnings per share (Rs.)	**27.12**	**12.01**

Notes forming part of the Ind AS Financial Statements

44: Retirement Benefit Plan

Defined Contribution Plan

The company makes contributions to provident fund which are defined contribution plan for qualifying employees. During the year, the Company recognised Rs. 115.66 millions (Previous Year Rs.82.71 millions) for provident fund contributions in the statement of profit and loss.

Defined Benefit Plan

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

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

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost (Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Current service cost	15.14	11.89
Interest cost on benefit obligation	0.27	0.26
Past Service Cost	-	-
Total	**15.41**	**12.15**

Balance Sheet

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

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Defined benefit obligation	84.83	63.65
Fair value of plan assets	73.63	59.31
Asset/(liability) recognized in the balance sheet	(11.20)	(4.35)
Experience adjustments on plan liabilities (Gain) / Loss	-	-
Experience adjustments on plan assets Gain / (Loss)	-	-

Changes in the present value of the defined benefit obligation are as follows: (Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	63.65	49.44
Interest cost	3.94	3.09
Current service cost	15.14	11.89
Benefits paid	(5.96)	(3.05)
Past Service Cost	-	-
Actuarial loss / (gain) on obligation	8.06	2.28
Closing defined benefit obligation	**84.83**	**63.65**

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

Notes forming part of the Ind AS Financial Statements

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

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	59.31	45.32
Expected return	3.67	2.83
Contributions by employer	16.29	14.20
Benefits paid	(5.96)	(3.05)
Actuarial gains / (losses) on assets	0.32	0.01
Closing fair value of plan assets	**73.63**	**59.31**

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

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate	7.30%	6.19%
Rate of increase in compensation levels	10%	10%
Attrition rate	32%	32%
Expected rate of return on assets	6.19%	6.25%

The plan assets of the Company relating to Gratuity are managed through a trust are invested through Life Insurance Corporation (LIC) and Exide life insurance (Exide). The details of investments relating to these assets are not shown by LIC and Exide. Hence, the composition of each major category of plan assets, the percentage or amount that each major category constitutes to the fair value of the total plan assets has not been disclosed.

Particulars	As at March 31, 2023	As at March 31, 2022
Funded with LIC	62.68%	55.00%
Funded with Exide	37.32%	45.00%

BELSTAR MICROFINANCE LIMITED * CHENNAI 600 083

VARMA & VARMA * CHARTERED ACCOUNTANTS * CHENNAI

Assumptions	As at March 31, 2023		As at March 31, 2023	
	Discount rate impact		Future salary impact	
Sensitivity Level	0.5% increase	0.5% decrease	1 % increase	1 % decrease
Impact on defined benefit obligation	(1.07)	1.10	2.14	(2.06)

Assumptions	As at March 31, 2022		As at March 31, 2022	
	Discount rate impact		Future salary impact	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.86)	0.89	1.71	(1.64)

(Rs. in millions)

Expected benefit payment for future years	As at March 31, 2023	As at March 31, 2022
Within the next 12 months (next annual reporting period)	20.78	14.28
Between 1 and 5 years	54.30	40.28
Between 5 and 10 years	30.24	22.62
Total expected payments	**105.32**	**77.18**

The weighted average duration of the defined benefit obligation as at March 31, 2023 is 5 years approximately (2022: 5 years approximately)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

45: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

(Rs. in millions)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	12,812.45	-	12,812.45	7,218.36	-	7,218.36
Bank Balance other than above	142.45	306.35	448.80	938.21	421.97	1,360.18
Derivative financial instruments	-	-	-	-	-	-
Trade receivables	7.61	-	7.61	3.46	-	3.46
Loans	27,833.78	18,441.58	46,275.36	23,191.27	12,351.26	35,542.53
Investments	-	528.64	528.64	-	-	-
Other financial assets	1,208.55	110.01	1,318.56	593.74	76.19	669.93
					-	
Non-financial Assets					-	
Current tax asset (net)	-	362.15	362.15		-	-
Deferred tax assets (net)	-	167.59	167.59	-	514.59	514.59
Investment property	-	1.10	1.10	-	1.10	1.10
Property, plant and equipment	-	53.60	53.60	-	47.69	47.69
Right of use assets	-	97.12	97.12	-	97.29	97.29
Other intangible assets	-	8.39	8.39	-	7.30	7.30
Other non financial assets	100.57	87.07	187.64	57.65	82.78	140.43
Total assets	**42,105.41**	**20,163.60**	**62,269.01**	**32,002.69**	**13,600.17**	**45,602.86**
Liabilities						
Financial Liabilities						
Derivative financial instruments	29.32	-	29.32			
Trade Payables	31.75	-	31.75	2.74	-	2.74
Debt Securities	3,226.05	2,989.66	6,215.71	576.68	3,231.21	3,807.89
Borrowings (other than debt security)	22,621.86	17,777.78	40,399.64	19,738.96	10,379.92	30,118.88
Subordinated Liabilities	317.10	1,332.41	1,649.51	-	1,643.59	1,643.59
Lease liabilities	53.19	52.67	105.86	49.12	57.26	106.38
Other Financial liabilities	2,633.39	9.60	2,642.99	1,080.10	9.31	1,089.41
				-		
Non-financial Liabilities				-		
Current tax liabilities (net)	-	-	-	64.87	-	64.87
Provisions	81.86	-	81.86	61.54	-	61.54
Other non-financial liabilities	189.38	-	189.38	148.22	-	148.22
Total Liabilities	**29,183.90**	**22,162.12**	**51,346.02**	**21,722.23**	**15,321.29**	**37,043.52**
Net			**10,922.99**			**8,559.34**

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

46: Change in liabilities arising from financing activities

(Rs. in millions)

Particulars	As at March 31, 2022	Cash Flows	Other*	As at March 31, 2023
Debt Securities	3,807.89	2,423.22	(15.40)	6,215.71
Borrowings other than debt securities	30,118.88	10,340.58	(59.82)	40,399.64
Subordinated Liabilities	1,643.59	0.01	5.91	1,649.51
Total liabilities from financing activities	**35,570.36**	**12,763.81**	**(69.31)**	**48,264.86**

(Rs. in millions)

Particulars	As at April 01, 2021	Cash Flows	Other*	As at March 31, 2022
Debt Securities	5,284.95	(1,473.21)	(3.85)	3,807.89
Borrowings other than debt securities	21,032.99	9,060.43	25.46	30,118.88
Subordinated Liabilities	1,638.42	-	5.17	1,643.59
Total liabilities from financing activities	**27,956.36**	**7,587.22**	**26.78**	**35,570.36**

* Other includes EIR adjustments.

47: Contingent liabilities, commitments and leasing arrangements

(A) Contingent Liabilities

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
In respect of income tax demand where the Company has filed appeal before tax authorities		
Income tax (AY 2017-18)	73.15	73.15
Income tax (AY 2018-19)	32.96	32.96
Income tax (AY 2020-21)	2.50	
Total	**108.61**	**106.11**

For the Assessment year 2017-18, the disputed income tax demand is on account of cash deposited during demonetization period which has been added by the department to income from other sources. However, the company has paid 20% of the disputed demand under protest amounting to 14.63 million.
For the Assessment year 2018-19, the disputed income tax demand is on account of disallowances and additions of certain items to the income. However, the company has paid 20% of the disputed demand under protest amounting to 6.59 million.

For the Assessment year 2020-21, the disputed income tax demand is on account of disallowances of certain items. The company has filed an appeal before the Commissioner of Income Tax (Appeals).

Future cashflows in respect of the above three demands are determinable only on receipt of judgement / decisions pending with tax authorities. The company is of the opinion that the above demands are not sustainable and expects to succeed in its appeal. The management believes that the ultimate outcome of the proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(B) Commitments

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous year.

VARMA & VARMA * CHARTERED ACCOUNTANTS * CHENNAI

BELSTAR MICROFINANCE LIMITED * CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

(C) Lease Disclosures

Carrying value of right of use assets at the end of the reporting period by class.

(Rs. in millions)

Particulars	Amount
Balance at April 1, 2021	72.89
Addition during the year	64.86
Less: Depreciation charge for the year	(40.46)
Balance at March 31, 2022	97.29
Addition during the year	55.92
Less: Depreciation charge for the year	(56.09)
Balance at March 31, 2023	97.12

Amounts recognised in profit or loss **(Rs. in millions)**

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Interest on lease liabilities	11.02	11.84
Variable lease payments not included in the measurement of lease liabilities	-	-
Income from sub-leasing right-of-use assets	-	-
Depreciation charged on right-of-use assets	56.09	40.46
Expenses relating to short-term leases	30.47	24.80
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	-	-
Total	97.58	77.10

Amounts recognised in the Cash Flow Statement **(Rs. in millions)**

Particulars	**31 March 2023**	**31 March 2022**
Interest paid on Lease liabilities	11.02	11.84
Payment towards Lease liabilities	55.45	37.97
Total cash outflow for leases	66.47	49.81

Movement in Lease Labilities **(Rs. in millions)**

Particulars	**31 March 2023**	**31 March 2022**
Balance at March 31, 2022,2021	106.39	80.43
Net Addition	43.90	52.09
Interest on lease liabilities	11.02	11.84
Payment of lease liabilities	55.45	37.97
Balance at March 31, 2023,2022	105.86	106.39

Maturity analysis of lease liabilities **(Rs. in millions)**

Particulars	**31 March 2023**	**31 March 2022**
Less than one year	53.19	49.12
One to five years	52.67	57.26
More than five years	-	-
Total cash outflow for leases	105.86	106.38

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

48: 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 (Part of Affirma Capital) 4. Augusta investments zero Private Limited (Part of Affirma Capital)
Relatives of Key Management Personnel	1. Anna alexander 2. George M George 3. George Alexander 4. Sara George 5. George Jacob 6. George Thomas 7. Susan Thomas 8. Elizabeth Jacob 7. CV Sankar 8. Bindu Dandapani

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

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, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Loan received	-	-	-	70.00	-	-	-	-	-	-	-	-
Loan Repaid	-	-	35.00	-	18.06	16.13	-	-	-	-	-	-
NCD's Received	-	-	-	-	-	-	-	-	-	-	-	500.00
NCD's Repaid	-	-	27.14	65.57	-	-	-	-	-	-	24.86	-
Issue of equity shares (including share premium)	-	280.00	-	-	-	-	1,100.00	2,470.00	-	-	-	-
Services rendered	-	-	28.64	22.19	-	-	-	-	-	-	-	-
Services received	-	-	-	0.95	-	-	-	-	-	-	-	-
Dividend paid on Equity Shares	8.30	7.88	0.10	0.13	-	-	5.26	3.22	0.01	0.03	0.00	0.00
Interest paid on NCD	-	-	29.08	36.15	8.40	8.40	-	-	-	-	35.79	41.29
Interest paid on Loan	-	-	4.82	0.91	1.75	3.98	-	-	-	-	-	-
Processing fee on account of loan availed	-	-	-	-	-	-	-	-	-	-	-	-
Arranger fee	-	-	-	5.00	-	-	-	-	-	-	-	-
Consultancy services availed for training	-	-	29.37	15.63	-	-	-	-	-	-	-	-
Corporate Social Responsibility	-	-	16.43	19.40	-	-	-	-	-	-	-	-
Remuneration to		-		-		-		-				-
Executive Director's	-		-		-		-		18.01	15.15	-	
Non Executive Director's	-		-		-		-		7.53	9.19	-	
Salary & Perquisite*	-	-	-	-	-	-	-	-	9.38	7.17	-	-
Balance outstanding as at the year end:		-		-		-		-		-		-
Interest Payable	-	-	-	1.61	-	0.17	-	-	-	-	-	6.49
Receivables	-	-	0.70	2.48	-	-	-	-	-	-	-	-
Loan												
Outstanding	-	-	35.00	70.00	4.85	22.91	-	-	-	-	-	-
Maximum during the Year	-	-	70.00	-	22.91	39.04	-	-	-	-	-	-
NCD's												
Outstanding	-	-	201.00	252.00	70.00	70.00	-	-	-	-	740.00	740.00
Maximum during the Year	-	-	252.00	252.00	70.00	70.00					740.00	740.00

* 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.

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

49: Capital

Capital Management

The primary objective of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

RBI has issued guidance on implementation of Indian Accounting Standards vide RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. The Regulatory capital has been computed as per above mentioned RBI notification.

(Rs. in millions)

Regulatory capital	As at March 31, 2023	As at March 31, 2022
Common Equity Tier1 capital	9,620.89	7,555.25
Other Tier 2 capital instruments	791.09	1,117.85
Total capital	**10,411.98**	**8,673.10**
Risk weighted assets	**47,388.15**	**36,041.32**
Tier I CRAR	20.30%	20.96%
Tier II CRAR	1.67%	3.10%
Total capital ratio	21.97%	24.06%

50: Events after reporting date

There are no events after the reporting date that require disclosure in these financial statements.

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

51: Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as detailed below

Level 1: Quoted prices (unadjusted) for identical instruments in an active market
Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and
Level 3: Inputs which are not based on observable market data (unobservable inputs).

I. *The following table shows an analysis if financial instruments recorded at fair value* **(Rs. in millions)**

As at March 31, 2023	Level 1	Level 2	Level 3
Assets measured at fair value on a recurring basis			
Financial assets at FVTPL			
Investment	-	-	528.64
Financial liabilities at FVOCI			
Derivative Financial Instruments	-	29.32	-

(Rs. in millions)

As at March 31, 2022	Level 1	Level 2	Level 3
Assets measured at fair value on a recurring basis			
Financial assets at FVTPL			
Investment	-	-	-
Financial liabilities at FVOCI			
Derivative Financial Instruments	-	-	-

Fair value technique

Investment at fair value through profit and loss

Investments in Security receipts (SRs) are classified as Financial Assets measured at FVTPL as stated in Note No. 10 Accordingly, the fair valuation technique in this regard is classified under Level 3. Since the investment was made in the month of March 2023 and the investment value approximates the net asset value as at March 31, 2023 as confirmed by the Asset Reconstruction Company (ARC), disclosure of sensitivity of fair value measurement in unobservable inputs is not considered relevant.

Loans at FVOCI

For loans at FVOCI, valuation is done using a discounted cash flow model based on contractual cash flows using actual or estimated yields.
For Derivative Financial Instruments (asset /liabilities) at FVOCI, valuation is done using closing rate determined by the bank and is classified as Level 2

II. *The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:*

(Rs. in millions)

March 31, 2023	As at April 01, 2022	Issuances and Settlements (Net)	Transfers into Level 3	Transfers from Level 3	Net interest income	Other Comprehensive Income	As at March 31, 2023
Financial assets at FVOCI							
Loans	-	-			-	-	-
Financial assets at FVTPL							
Investment	-	528.64			-	-	528.64

(Rs. in millions)

March 31, 2022	As at April 01, 2021	Issuances and Settlements (Net)	Transfers into Level 3	Transfers from Level 3	Net interest income	Other Comprehensive Income	As at March 31, 2022
Financial assets at FVOCI							
Loans	1,034.45	-1,016.56				(17.89)	-
Financial assets at FVTPL							
Investment	-	-			-	-	-

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

(Rs. in millions)

Particulars	Note	Level	Carrying Value		Fair Value	
			Mar-23	Mar-22	Mar-23	Mar-22
Financial assets not measured at fair value						
Cash and cash equivalents	6	1	12,812.45	7,218.36	12,812.45	7,218.36
Bank Balance other than above	7	1	448.80	1,360.18	448.80	1,360.18
Trade receivables	8	3	7.61	3.46	7.61	3.46
Loans	9	3	46,275.36	35,542.53	46,275.36	35,542.53
Other Financial assets	11	3	1,318.56	669.93	1,318.56	669.93
Total financial assets			**60,862.78**	**44,794.46**	**60,862.78**	**44,794.46**
Financial Liabilities not measured at fair value						
Trade Payables	19	3	31.75	2.74	31.75	2.74
Debt Securities	20	1/3	6,215.71	3,807.89	6,340.37	3,810.64
Borrowings (other than debt securities)	21	3	40,399.64	30,118.88	40,399.64	30,118.88
Subordinated Liabilities	22	3	1,649.51	1,643.59	1,649.51	1,643.59
Other Financial liabilities	23	3	2,642.99	1,089.41	2,642.99	1,089.41
Financial Liabilities			**50,939.60**	**36,662.51**	**51,064.26**	**36,665.26**

There have been no transfers between the level 1 and level 2 during the period.

The Management has assessed that the fair value of loans, cash and cash equivalents, bank balances, trade receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's borrowings have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

52: Risk Management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Board of Directors of the Company are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Company has a risk management policy which covers all the risk associated with its assets and liabilities.

The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company's treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

I. Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances and trade receivables. For a micro finance institution like Belstar, this assumes more significance since the lending that is carried out is not backed by any collaterals.

The credit risk management policy of the Company seeks to have following controls and key metrics that allows credit risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

Risk Identification

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

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

Risk assessment and measurement

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

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

Risk Monitoring

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

Borrower Risk Ratings is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. However, the loans originated by Belstar are mostly short tenure loans (maximum loan tenure being 30 months) and the volume of such loan origination per credit officer is also high, thereby making it practically difficult to carry out a re-rating of borrowers at regular intervals. Therefore, loans are tracked at a homogeneous pool basis by the Risk Team. Any deterioration in the performance of the pool are immediately pointed out to the Senior Management and detailed analysis are carried out to identify the trends in performance.

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

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

Risk Mitigation

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

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

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

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

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

Notes forming part of the Ind AS Financial Statements

Impairment assessment

The Company is basically engaged in the business of providing loans and access to Credit to the Self Help Group (SHG) members / Joint Liability Group (JLG) members. The tenure of which is ranging from 12 months to 24 months. Moreover, Company has categorised its loan into two broad categories Micro Enterprise loans (MEL) and others.

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies 3.6

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Company's internal credit rating grades and staging criteria for loans are as follows:

Rating	Loans Days past due (DPD)	Stages
High grade	Not yet due	*Stage I*
Standard grade	1-30 DPD	*Stage I*
Sub-standard grade	30-60 DPD	*Stage II*
Past due but not impaired	60-89 DPD	*Stage II*
Individually impaired	90 DPD or More	*Stage III*

Exposure at Default (EAD)

The outstanding balance as at the reporting date is considered as EAD by the company.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

While arriving at the PD, the Company also ensures that the factors that affects the macro economic trends are considered to a reasonable extent,wherever necessary.

Loss Given Default

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

LGD Rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Significant increase in credit risk

The internal rating model evaluates the loans on an ongoing basis. The rating model also assesses if there has been a significant increase in credit risk since the previously assigned risk grade One key factor that indicates significant increase in credit risk is when contractual payments are more than 30 days past due.

Company's financial assets measured on a collective basis

Both LTECLs and 12mECLs are calculated at individual facility level across the stages.

Sensitivity to macro economic variables

The macro-economic variable factored into the statistical model used by the company for estimation of expected credit losses are GDP and inflation. Based on the management's assessment, a 5% increase or decrease in these variable are not likely to have a material impact on the ECL recognised in the P&L and consequently, on equity.

II. Asset Liability Management

Asset and Liability Management (ALM) is defined as the practice of managing risks arising due to mismatches in the asset and liabilities. Belstar's funding consists of both long term as well as short term sources with different maturity patterns and varying interest rates. On the other hand, the asset book also comprises of loans of different duration and interest rates. Maturity mismatches are therefore common and has an impact on the liquidity and profitability of the company. It is necessary for Belstar to monitor and manage the assets and liabilities in such a manner to minimize mismatches and keep them within reasonable limits.

The objective of this policy is to create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of Belstar to (a) ascertain in percentage terms the nature and extent of mismatch in different maturity buckets, especially the 1-30/31days bucket, which would indicate the structural liquidity (b) the extent and nature of cumulative mismatch in different buckets indicative of short term dynamic liquidity and (c) the residual maturity pattern of repricing of assets and liabilities which would show the likely impact of movement of interest rate in either direction on profitability. This policy will guide the ALM system in Belstar.

The scope of ALM function can be described as follows:

- *Liquidity risk management*
- *Management of market risks*
- *Others*

VARMA & VARMA * CHENNAI * CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

Notes forming part of the Ind AS Financial Statements

52.1. Liquidity Risk

Liquidity is measured by our ability to accommodate decreases in purchased liabilities, and fund increases in assets. In assessing the company's liquidity position, consideration shall be given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds.

The Company maintains a portfolio of marketable assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Company also enters into direct assignment of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short–term bank deposits and investments in mutual fund available for immediate sale, less issued securities and borrowings due to mature within the next month.

Liquidity ratios

Advances to borrowings ratios

Particulars	2023	2022
Year-end	97.86%	103.91%
Maximum	118.84%	109.26%
Minimum	97.86%	103.91%
Average	109.89%	105.92%

Borrowings from banks and financial institutions and issue of debentures are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings

The table below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

Maturity pattern of assets and liabilities as on March 31, 2023:

(Rs. in millions)

Particulars	1 - 7 days	8 - 14 days	14 - 30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (other than debt securities)	262.75	339.14	1,137.26	1,517.15	2,330.06	6,025.24	10,950.26	17,777.78	-	-	40,399.64
Debt securities	-	-	497.75	247.74	897.83	344.12	1,238.61	2,989.66	-	-	6,215.71
Subordinated debts	-	-	-	-	-	317.10	-	684.74	647.67	-	1,649.51
Derivative financial instruments	-	-	3.05	26.27	-	-	-	-	-	-	29.32
Total	**262.75**	**339.14**	**1,698.06**	**1,791.16**	**3,227.89**	**6,686.46**	**12,188.87**	**21,452.18**	**647.67**	**-**	**48,264.86**
Cash and bank balance	3,238.21	3,512.50	5,845.00	216.74	-	-	-	-	-	-	12,812.45
Deposits	-	-	-	-	-	57.61	84.84	293.85	12.50	-	448.80
Derivative financial instruments	-	-	-	-	-	-	-	0.00	-	-	
Receivables	-	-	7.61	-	-	-	-	-	-	-	7.61
Loans	172.64	760.84	1213.54	2,331.47	2,394.82	7,240.23	13,720.24	18,111.87	329.65	0.06	46,275.36
Investments	-	-	-	-	-	-	-	528.64	-	-	528.64
Total	**3,410.85**	**4,273.34**	**7,066.15**	**2,548.21**	**2,394.82**	**7,297.84**	**13,805.08**	**18,934.36**	**342.15**	**0.06**	**60,072.86**

Maturity pattern of assets and liabilities as on March 31, 2022:

(Rs. in millions)

Particulars	1 - 7 days	8 - 14 days	14 - 30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (other than debt securities)	40.44	318.91	1,598.40	1,153.48	2,013.41	6,385.75	8,228.58	10,379.91	-	-	**30,118.88**
Debt securities	-	-	-	399.12	119.25	58.29	-	3,231.23	-	-	**3,807.89**
Subordinated debts	-	-	-	-	-	-	-	307.91	836.52	499.16	**1,643.59**
Total	**40.44**	**318.91**	**1,598.40**	**1,552.60**	**2,132.66**	**6,444.04**	**8,228.58**	**13,919.05**	**836.52**	**499.16**	**35,570.36**
Cash and bank balance	1,322.83	2,168.00	2,639.20	1,000.00	88.33	-	-	-	-	-	**7,218.36**
Deposits	-	-	2.50	251.24	9.28	74.71	600.47	406.38	15.60	-	**1,360.18**
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	3.46	-	-	-	-	-	-	-	3.46
Loans	217.29	856.35	841.15	2,075.03	2,081.23	6,105.03	11,015.19	12,351.26	-	-	**35,542.53**
Investments	-	-	-	-	-	-	-	52.86	-	-	**52.86**
Total	**1,540.12**	**3,024.35**	**3,486.31**	**3,326.27**	**2,178.84**	**6,179.74**	**11,615.66**	**12,810.50**	**15.60**	**-**	**44,177.39**

52.2. Economic Risk

The Covid-19 pandemic has impacted most countries, including India. This resulted in countries announcing lockdown and quarantine measures that sharply stalled economic activity. Several countries took unprecedented fiscal and monetary actions to help alleviate the impact of the crisis.

Government of India had announced various measures to support the economy during this period. The Reserve Bank of India had also announced several measures to ease the financial system stress, including enhancing system liquidity, reducing interest rates, moratorium on loan repayments for borrowers, asset classification standstill benefit to overdue accounts where a moratorium had been granted amongst others to alleviate the economic stress induced by the pandemic which had an impact across sectors that were already showing signs of a slowdown even before the outbreak.

NBFCs were adversely impacted by COVID-related stress due to their underlying business models. On the supply side, the sources of funds dried up, more so for the small and mid-sized NBFCs, on account of reduced risk appetite of lenders for low rated and unrated exposures. The situation was worsened by the unprecedented redemption pressure on the mutual fund industry, resulting in a spike in spreads.

The challenges for the NBFCs have moved from the liability to the asset side in terms of liquidity and asset quality with the outbreak of Covid19. The liquidity covers of NBFCs is largely dependent on collections and the ability to raise resources. The collections of NBFCs witnessed decline during the six month moratorium on the payment of instalments in respect of all term loans to their borrowers for the period from March 1, 2020 to August 31, 2020 .

However, the impact of Covid-19 on financial activities have significantly come down during the year as there has been no major business disruptions or government restrictions after March 2022. The collection efficiency metrices of the company also witnessed a significant improvement during the year. The impact of Covid-19 induced delinquency on the loan exposure has also tapered during the year. As at March 31,2023, the company's gross exposure to loans restructured under the Covid restructuring framework is Rs. 443.40 Million against provisions carried to the tune of Rs. 239.95 millions .

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

52.3. Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates and other market changes. The Company is exposed to certain types of market risk as follows:

52.3.1. Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Asset Liability Committee shall manage its rate sensitivity position to ensure the long run earning power of the company. In addressing this challenge, the ratios of rate sensitive assets (RSA) to rate sensitive liabilities (RSL) and gap (RSA minus RSL) to equity, as well as gap to total assets will be reviewed based on 30, 60, 90, 180, and 365-day, 1-2 year, and greater than 2 year definitions. More importantly, however, special emphasis is to be placed on the change in net interest income that will result from possible fluctuations in interest rates, changing account volumes, and time.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

Management of Interest Margin

The spread or interest margin, otherwise known as "Gap", is the difference between the return on assets and the expenses paid on liabilities. Assets are classified as Rate Sensitive Assets and fixed Rate Assets. Liabilities are classified as Rate Sensitive Liabilities and fixed Rate Liabilities. An asset or liability is identified as sensitive if cash flows from the asset or liability change in the same direction and general magnitude as the change in short-term rates. The cash flows of insensitive (or non-sensitive) assets or liabilities do not change within the relevant time period.

The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non-trading financial assets and financial liabilities held at March 31, 2023.

The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax affected through the impact on floating rate borrowings, as follows:

(Rs. in millions)

Particulars	Effect on Statement of Profit and loss for the year 2022-23	Effect on Statement of Profit and loss for the year 2021-22
0.50% increase	(202.00)	(150.59)
0.50% decrease	202.00	150.59

52.3.2. Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surpluses in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

52.3.3. Currency Risk

Foreign currency risk for the Company arise majorly on account of foreign currency borrowings.The Company's foreign currency exposures are managed in accordance with its Foreign Exchange Risk Management Policy which has been approved by its Board of Directors. The Company has hedged its foreign currency risk on its foreign currency borrowings as on March 31, 2023 by entering into forward contracts with the intention of covering the entire term of foreign currency exposure . The counterparties for such hedge transactions are banks.

The Company's exposure on account of Foreign Currency Borrowings at the end of the reporting period expressed in Indian Rupees are as follows:

(Rs. in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Foreign Currency Non-Resident Loans.	2,716.03	-

The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment and hence the hedge ratio is 1:1.

Disclosure of Effects of Hedge Accounting

Cash flow Hedge

As at March 31, 2023

(Rs. in millions)

Type of hedge and risks	Carrying amount of hedging instrument		Carrying amount of hedged item		Balances in the cash flow hedge reserve for	Hedging Gain or loss	Nominal Amount of Hedging instrument (USD)
	Liability	Line item in Balance Sheet	Liability	Line item in Balance Sheet			
Cash Flow Hedge (Currency Risk)	29.32	Derivative financial instruments	2,727.30	Borrowings (other than debt securities)	(0.17)	(0.17)	33.24

The Company has entered into foreign currency forward contracts to hedge the currency risk of its borrowings denominated in foreign currency. The critical terms such as due date, amount involved etc of the hedged item and the hedging instrument exactly matches. Further, the company has designated the spot element of foreign currency forward contracts as hedging instrument . Accordingly, there is no ineffective portion of the above hedge to be recognised in profit or loss and consequently, disclosures in respect of the change in fair value of the hedged item and the hedging instrument used as the basis for recognising hedge ineffectiveness for the period, as required under Ind AS 107 is not relevant.

52.3.4. Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate mortgages when interest rates fall.

III. Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

53: Micro Enterprises and Small Emerprises

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 are given as follows:

(Rs. In millions)

Particulars	March 31, 2023	March 31, 2022
a) Principal amount due	7.20	-
Interest due on the above	-	-
b) Interest paid during the period beyond the appointed day	-	-
c) Amount of payment made to the supplier beyond the appointed day during the accounting year	-	-
d) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	-	-
e) Amount of interest accrued and remaining unpaid at the end of the period	-	-
f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of the Act.		

54: Foreign Currency Expenditure

54.1. Foreign Currency Expenditure

(Rs. in millions)

Particulars	March 31, 2023	March 31, 2022
Professional Fees	0.47	1.29
Dividend	3.42	1.24

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

54.2. Unhedged Foreign Currency

The Company did not have any unhedged Foreign currency exposure as at 31 March 2023 is Rs. Nil (PY Nil).

55: Segment Information

The Company is primarily engaged in the business of Micro Financing. As per the Chief Operating decision maker, all the activities of the Company revolve around the main business and there is no other relevant segment. Further, the Company does not have any separate geographical segments other than India. As such there are no separate reportable segments as per Ind AS -108 "Operating Segments".

56: Additional Disclosures pursuant to Reserve Bank of India Directions

56.1. Disclosure Pursuant to RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended)

(Rs. In millions)

S. No	Particulars	As at March 31, 2023		As at March 31, 2022	
		Amount Outstanding	Amount Over Due	Amount Outstanding	Amount Over Due
	Liabilities :			-	-
1	**Loans and advances availed by the NBFC inclusive of interest accrued thereon not paid:**			-	-
(a)	Debentures & Preference shares			-	-
	-Secured	6,215.71	-	3,807.89	-
	-Unsecured	1,400.29	-	1,394.62	-
	(Other than falling within the meaning of Public deposits)			-	
(b)	Deferred Credits			-	-
(c)	Term Loans	37,683.61	-	30,118.88	-
(d)	Inter-Corporate Loans and Borrowings		-	-	-
(e)	Commercial Paper	-	-	-	-
(f)	Foreign Currency Non-Resident (FCNR-B) Loans.	2,716.03		-	
(g)	Other Loans (Nature of other Loans, CC etc.)	249.22	-	248.97	-

S. No	Particulars	As at March 31, 2023	As at March 31, 2022
	Assets		
2	**Breakup of Loans and Advances including Bills Receivables [Other than those included in (3) below] :**		
(a)	Secured	35.54	12.06
(b)	Unsecured (Including interest accrued and Loans to staff)	47,196.85	37,768.06
3	**Break up of Leased Assets and Stock on Hire and other Assets counting towards AFC activities.**		
(i)	Leased Assets including Leased Rentals Accrued and Due:		
	(a) Financial Lease	-	-
	(b) Operating Lease	-	-
(ii)	Stock on fire including Hire charges under Sundry Debtors:		
	(a) Assets on Hire	-	-
	(b) Repossessed Assets	-	-
(iii)	Other Loans counting towards AFC activities		
	(a) Loans where Assets have been Repossessed	-	-
	(b) Loans Other than (a) above	-	-
4	**Breakup of Investments**		
	Current Investments		
I	Quoted:		
(i)	Shares : (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Others (Please Specify)	-	-
II	Unquoted:		
(i)	Shares : (a) Equity	-	-
(ii)	(b) Preference	-	-
(iii)	Debentures and Bonds	-	-
(iv)	Units of Mutual Fund	-	-
(v)	Government Securities	-	-
	Others (Please Specify)	-	-
	Long Term Investments		
I	Quoted:		
(i)	Shares : (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Others (Please Specify)	-	-
II	Unquoted:		
(i)	Shares : (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Security Receipts	528.64	-

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MICROFINANCE LIMITED CHENNAI 600 083

5 Borrower Group Wise classification of Assets financed as in (2) and (3) above

(Rs. In millions)

S. No	Category	Net of provisions as at March 31, 2023			Net of provisions as at March 31, 2022		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1	Related Parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the Same Group	-	-	-	-	-	-
	(c) Other Related Parties	-	-	-	-	-	-
2	Other than Related Parties	35.54	46,239.82	46,275.36	12.06	35,530.47	35,542.53
	Total	35.54	46,239.82	46,275.36	12.06	35,530.47	35,542.53

(Rs. In millions)

6	Other Information		Amount outstanding as at March 31, 2023	Amount outstanding as at March 31, 2022
(i)	Gross Non-Performing Assets *	Related Parties	-	-
		Other than Related Parties	1,144.81	2,145.00
(ii)	Net Non-Performing Assets *	Related Parties	-	-
		Other than Related Parties	305.27	525.75
(iii)	Assets Acquired in Satisfaction Debt	Related Parties	-	-
		Other than Related Parties	-	-

*Assets classified as Stage 3 as per Ind AS Classification

7.' Disclosures in terms of RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022: Sectoral exposure

Sectors	Market value / Breakup Value or Fair Value or Net Asset Value			Market value / Breakup Value or Fair Value or Net Asset		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	38,849.03	837.69	2.16%	25,940.74	1,276.86	4.92%
2. Industry						
Production or Manufacturing	1,453.95	20.91	0.22%	436.11	35.60	0.59%
Trade and Business	8,044.54	267.56	2.82%	6,323.68	403.71	5.97%
Total of Industry	9,498.48	288.47	3.04%	6,759.79	439.31	6.50%
3. Services						
Services	12,399.14	399.68	3.22%	9,703.66	673.92	6.94%
Total of Services	12,399.14	399.68	3.22%	9,703.66	673.92	6.94%
4. Personal Loans						
Others	1,174.28	46.30	3.94%	1,244.79	90.26	7.25%
Total of Personal Loans	1,174.28	46.30	3.94%	1,244.79	90.26	7.25%
Total	61,920.94	1,572.13	2.54%	43,648.98	2,480.35	5.68%

8.'Provisions and Contingencies

Particulars	March 31, 2023	March 31, 2022
Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss		
Provision towards non-performing assets*	(779.71)	1,001.56
Provision made towards income tax	48.16	422.77
Provision for gratuity	15.42	12.15
Provision for standard assets#	(500.85)	255.81
Provision for Other Financial Asset	7.77	9.18
Provision for other assets	(0.88)	2.62

* Represents impairment loss allowance on stage 3 loans. (Net of reversal on account of write off)

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

9.'Movement of NPA

Particulars	March 31, 2023	March 31, 2022
Net NPAs to net advances (%)	0.66%	1.48%
Movement of NPAs (Gross)		
(a) Opening balance	2,145.00	783.18
(b) Additions during the year	3,751.64	1,619.79
(c) Reductions during the year	4,751.83	257.97
Closing balance	1,144.81	2,145.00
Movement of Net NPAs		
(a) Opening balance	525.75	165.49
(b) Additions during the year	1,620.40	389.91
(c) Reductions during the year	1,840.88	29.66
Closing balance	305.27	525.75
Movement of provisions for receivables under financing activities		
(a) Opening balance	1,619.25	617.69
(b) Provisions made during the year	2,131.24	1,229.88
(c) Write-off / write-back of excess provisions	2,910.95	228.31
Closing balance	839.54	1,619.25

10. Concentration of advances, exposures and NPAs:-

Particulars	March 31, 2023	March 31, 2022
Concentration of Advances		
Total Advances to twenty largest borrowers	13.04	10.18
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.03%	0.02%
Concentration of Exposures		
Total Exposure to twenty largest borrowers / customers	13.04	10.18
Percentage of Exposures to twenty largest borrowers/customers to total exposure	0.03%	0.02%
Concentration of NPAs		
Total Exposure to top four NPA accounts	1.26	0.69

11. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC

The Company did not exceed the limits prescribed for single and group borrower during the current and previous year.

12. Disclosures on Risk Exposure in Derivatives

The Company has a Board approved policy in dealing with derivative transactions. The Company undertakes derivative transactions for hedging foreign currency exposures to mitigate the foreign currency risk. During the year, the company has hedged its foreign currency borrowings through forward exchange contracts. The Asset Liability Management Committee monitors such transactions and reviews the risks involved. The derivative transactions are accounted in accordance with Ind AS 109 and the accounting policy for recording hedge transactions and valuation of outstanding contracts is detailed in Note 3.8

Refer Note - 18 " Derivative financial instruments" and Note- 52.3.3 " Disclosure of Effects of Hedge Accounting"

13. Unsecured advances

Refer note 9 for details of unsecured advances

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BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

Notes forming part of the Ind AS Financial Statements

14. Disclosures in terms of RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022: Disclosure of complaints

Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Particulars	March 31, 2023	March 31, 2022
Complaints received by the NBFC from its customers		
Number of complaints pending at beginning of the year	2	3
Number of complaints received during the year	730	655
Number of complaints disposed during the year	720	656
Of which, number of complaints rejected by the NBFC	0	0
Number of complaints pending at the end of the year	12	2
Maintainable complaints received by the NBFC from Office of Ombudsman		
Number of maintainable complaints received by the NBFC from Office of Ombudsman	7	6
Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	0	0
Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	1	0
Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	0	0
Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0

Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% Increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
			March 31, 2023		
Wrong Mobile Number	0	396	12%	2	0
Digital Transactions	0	97	52%	0	0
Employee Related	0	67	272%	1	0
Recovery Practices	2	59	-14%	1	0
Insurance claim settlement	0	36	-40%	6	3
Others	0	75	-16%	2	1
Total	**2**	**730**	**11%**	**12**	**4**
			March 31, 2022		
Wrong Mobile Number	0	355	655%	0	0
Recovery Practices	0	69	-19%	2	0
Digital Transactions	1	64	137%	0	0
Insurance claim settlement	1	60	300%	0	0
Loan Enquiry	0	29	-3%	0	0
Others	1	78	179%	0	0
Total	**3**	**655**	**182%**	**2**	**0**

15. Disclosures in terms of RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022: Breach of covenant

The Company has been regular in serving all its borrowings though there has been breach of some of the covenants relating to borrowings during the year ended and as at 31 March 2023 (as summarised below). The company has intimated these breaches were predominatly due to impact of COVID Pandemic, to the respective lenders and based on discussions with them, does not anticipate any adverse action such as levy of higher interest or recall of the facility in this regard

Summary of Financial Covenant Stipulated in respect of loan availed or debt securities issued	Number of facilities with instances of breach			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Maximum threshold for GNPA Ratio	18	19	7	1
Maximum threshold for NNPA Ratio	23	26	11	0
Maximum threshold for Portfolio At Risk (PAR) Accounts >30 Days	7	7	4	4
Maximum threshold for Portfolio At Risk (PAR) Accounts >90 Days	7	6	4	4

56.2. Disclosure pursuant to RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24,2021

Details of stressed loans classified as NPA transferred to ARC during the Year ended 31st March 2023

Particulars	March 31, 2023	March 31, 2022
No: of accounts	1,23,681.00	-
Aggregate principal outstanding of loanstransferred	2,500.96	-
Weighted average residual tenor of the loans transferred	4.91	-
Net book value of loanstransferred (at the time oftransfer)	636.94	-
Aggregate consideration	830.00	-
Additional considerationrealized in respect of accountstransferred in earlier years	-	-
InvestmentIn Security Recipts	528.64	-

The Company has reversed Rs.193.06 Million Provision on account of the sale of Stressed Loan (Refer Note 9.1)

56.3. Disclosure pursuant to RBI Notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

As at March 31, 2023 (Rs. in millions)

Asset classification as per RBI norms	Asset classification as per IND AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing asset						
Standard	Stage 1	45,770.14	30.77	45,739.37	182.74	-151.97
	Stage 2	317.44	86.72	230.72	1.34	85.38
Subtotal		46,087.58	117.49	45,970.09	184.08	-66.59
Non-Performing asset (NPA)						
Substandard	Stage 3	1,144.81	839.54	305.27	605.03	234.51
Doubtful						
upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-		-	-
Subtotal for NPA		1,144.81	839.54	305.27	605.03	234.51
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3		-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	45,770.14	30.77	45,739.37	182.74	-151.97
	Stage 2	317.44	86.72	230.72	1.34	85.38
	Stage 3	1,144.81	839.54	305.27	605.03	234.51
	Total	47,232.39	957.03	46,275.36	789.11	167.92

As at March 31, 2022

(Rs. in millions)

Asset classification as per RBI norms	Asset classification as per IND AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing asset						
Standard	Stage 1	33,834.19	114.09	33,720.10	447.36	-333.27
	Stage 2	1,800.93	504.25	1,296.68	125.40	378.85
Subtotal		35,635.12	618.34	35,016.79	572.76	45.58
Non-Performing asset (NPA)						
Substandard	Stage 3	2,145.00	1,619.25	525.74	1,135.09	484.16
Doubtful						
upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		2,145.00	1,619.25	525.74	1,135.09	484.16
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	33,834.19	114.09	33,720.10	447.36	-333.27
	Stage 2	1,800.93	504.25	1,296.68	125.40	378.85
	Stage 3	2,145.00	1,619.25	525.74	1,135.09	484.16
	Total	37,780.12	2,237.59	35,542.53	1,707.85	529.74

As per guidance on implementation of Indian Accounting Standards vide RBI/2019-20/170 DOR (NBFC) CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. Since the impairment allowance under IND AS 109 is higher than the provisioning required under IRACP (including standard asset provisioning), the Company has not created any Impairment Reserve The gross carrying amount of asset as per Ind AS 109 includes interest accrual on stage - 3 assets (measured at net of loss allowance) as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on NPAs is not permitted under IRACP norms. However, even if the impact of the same is respectively included in the provision under IRACP and loss allowances (provisions) as required under Ind AS 109, the loss allowances (provisions) as required under Ind AS 109 would be still higher than the IRACP provision.

E. Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19-related Stress

Type of Borrower	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan*
Personal Loans	-	-	-	-	-
Corporate Person .	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	3,941.50	820.60	-	1,103.44	2,852.61
Total	3,941.50	820.60	-	1,103.44	2,852.61

* Provisions given above are total ECL calculated as per Ind AS
Include cases where request received till September 30, 2021 and implemented subsequently.

The Company, being NBFC, has complied with Ind-AS and its Expected Credit Loss policy duly approved by the Board for the purpose of provision on such restructured accounts.

There were 12,30 . borrower accounts having an aggregate exposure of Rs. 212.39 Million to the Bank,where resolution plans had been Implemented under RBI's Resolution Framework 1.0 dated August 6, 2020 and now modified under RBI's Resolution Framework 2.0 dated May 5, 2021

56.4.Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19-related Stress read with RBI/2021-22/31 DOR.STR.11/21.04.048/2021-22 dated May 5, 2021 Pursuant to Resolution Framework 2.0 . (Rs in Million)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at end of the previous half-year i.e 30th Sep 2023	Of (A), aggregate debt that slipped into NPA during the half year ended 31st March 2023	Of (A), amount written off during the half-year ended 31st March 2023	Of (A), amount paid by the borrowers during the half year ende 31st March 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half year i.e 31st March 2023 *
Personal Loans	-	-	-	-	-
Corporate Persons	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	432.96	74.56	7.93	255.83	105.82
Total	432.96	74.56	7.93	255.83	105.82

* There were 11,336 borrower accounts having an aggregate exposure of Rs. 58.90 Million to the Bank,where resolution plans had been Implemented under RBI's Resolution Framework 1.0 dated August 6, 2020 and now modified under RBI's Resolution Framework 2.0 dated May 5, 2021.

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

56.5. Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

As at 31st March, 2023 - Borrowings (Rs. In Million)

Number of Significant Counterparties	Amount (Rs. In Million)	% of Total deposits	% of Total Liabilities
23	43,002.02	Not Applicable	83.75%

As at 31st March, 2022 - Borrowings (Rs. In Million)

Number of Significant Counterparties	Amount (Rs. In Million)	% of Total deposits	% of Total Liabilities#
27	31,586.29	Not Applicable	85.27%

Notes: A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.

Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

(ii) Top 20 large deposits (amount in ₹ Millions and % of total deposits)

Not applicable. The company being a Systematically Important Non-Deposit taking Non- Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

(iii) Top 10 borrowings (amount in ₹ Millions and % of total borrowings) (Rs. In Million)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Amount (Rs. In Million)	% of total Borrowings	Amount (Rs. In Million)	% of total Borrowings
Top 10 Borrowings	33,236.90	68.83%	19,421.60	54.59%

(iv) Funding Concentration based on significant instrument/product*

(Rs. In Million)

Name of the instrument/product	31-Mar-23	% of Total Liabilities	31-Mar-22	% of Total Liabilities
Term Loans	40,399.64	78.68%	31,762.50	81.31%
Non-Convertible Debentures	6,215.71	12.11%	3,807.90	10.28%
Subordinate Debt	1,649.51	3.21%	1,643.59	4.44%

Notes: A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.

Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines

(iv) Stock Ratios

As at 31st March, 2023

Particulars	As a % of Total Public Funds *	As a % of Total Liabilities *	As a % of Total Assets
Other short Term Liabilities *	60.47%	56.84%	46.87%

As at 31st March, 2022

Particulars	As a % of Total Public Funds *	As a % of Total Liabilities *	As a % of Total Assets
Other short Term Liabilities *	57.10%	54.84%	44.55%

*Notes

1. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.
2. "Public funds" shall include funds raised either directly or indirectly through public deposits, commercial paper, debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in Regulatory Framework for Core Investment Companies issued vide Notification No. DNBS (PD) CC.No. 206/03.10.001/2010-11 dated January 5, 2011
3. Other short term liabilities, if any as a % of total public funds, total liabilities and total assets

(v) Institutional set-up for liquidity risk management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk.

The Board of Directors approved the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC (Board) are held at quarterly interval and more frequently as warranted from time to time. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk return perspective and within the risk appetite approved by the Board.

The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month. The minutes of ALCO meetings are placed before the RMC in its next meeting for its perusal/approval/ratification.

(vi) Being an NBFC- MFI, the company's loan portfolio consists of large number of small ticket loans to individual borrowers and hence, disclosures in respect of concentration of advances (including NPA) is not considered relevant.

57: Fraud

Disclosure of Frauds reported during the year to RBI vide DNBS PD.CC NO. 256 / 03.10.042 / 2012 -13 dated 2 March 2012:

(Rs. in millions)

Particulars	March 31, 2023	March 31, 2022
Number of frauds reported during the year to Reserve Bank of India	1	9
Amount Involved in such frauds and provided for	0.25	25.57
Total	0.25	25.57

58: RBI Compliance

Particulars	For the Year ended	
	March 31, 2023	March 31, 2022
Average interest (a)	20.42%	19.67%
Average effective cost of borrowing (b)	9.57%	9.82%
Net interest margin (a-b)	10.85%	9.85%

59: Exposures

(1) The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous year.
(2) The Company has not purchased /sold non-performing financial assets in the previous year
(3) The Company does not finance the products of the parent / holding company.
(4) The Company is not registered with any other financial sector regulators.
(5) No penalty has been imposed by RBI and other regulators during current and previous year.

VARMA & VARMA CHENNAI

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

56.5. Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019:

(Rs. in millions)

	Particulars	Quarter March 31, 2023		Quarter Dec 31, 2022		Quarter Sep 30, 2022		Quarter June 30, 2022	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	**Total High Quality Liquid Assets(HQLA)								
	Cash and bank balance	12,812.45	12,812.45	7,015.61	7,015.61	4,967.83	4,967.83	6,818.54	6,818.54
	Unencumbered fixed deposit	76.26	76.26	155.47	155.47	181.22	181.22	196.51	196.51
		12,888.71	12,888.71	7,171.08	7,171.08	5,149.05	5,149.05	7,015.05	7,015.05
Cash Outflows									
2	Deposits (for deposit taking companies)								
3	Unsecured wholesale funding								
4	Secured wholesale funding								
5	Additional requirements, of which								
(i)	*Outflows related to derivative exposuresand other collateral requirements*								
(ii)	*Outflows related to loss of funding ondebt products*								
(iii)	*Credit and liquidity facilities*								
6	Other contractual funding obligations	5,092.92	5,856.86	2,543.55	6,066.12	2,416.92	3,718.17	2,225.92	5,283.60
7	Other contingent funding obligations								
8	**TOTAL CASH OUTFLOWS**	**5,092.92**	**5,856.86**	**2,543.55**	**6,066.12**	**2,416.92**	**3,718.17**	**2,225.92**	**5,283.60**
Cash Inflows									
9	Secured lending								
10	Inflows from fully performing exposures	2,642.41	1,981.81	2,543.55	1,907.66	2,416.92	1,812.69	2,225.92	1,669.44
11	Other cash inflows	-	-	-	-	-	-	-	-
12	**TOTAL CASH INFLOWS**	**2,642.41**	**1,981.81**	**2,543.55**	**1,907.66**	**2,416.92**	**1,812.69**	**2,225.92**	**1,669.44**
13	**TOTAL HQLA**		12,888.71		7,171.08		5,149.05		7,015.05
14	**TOTAL NET CASH OUTFLOWS**		3,875.05		3,217.82		1,627.75		1,616.65
15	**LIQUIDITY COVERAGE RATIO (%)**		333%		223%		316%		434%

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

60: Rating

Ratings assigned by credit rating agencies

Instrument	As at March 31, 2023		As at March 31, 2022	
	Rating agency	Rating/ Grading	Rating agency	Rating/ Grading
Long Term Bank Facilities	CRISIL	CRISIL AA-	CRISIL	CRISIL AA-
Non-Convertible Debentures	CARE	CARE AA-	CARE	CARE A+
Non-Convertible Debentures	CRISIL	CRISIL AA-	CRISIL	CRISIL AA-
Subordinated Debts	ICRA	ICRA A+	ICRA	ICRA A+
Subordinated Debts	CARE	CARE AA-	CARE	CARE A+
Market Linked Debenture	CRISIL	CRSIL PPMLD AA -	CRISIL	CRSIL PPMLD AA -r
Market Linked Debenture	ACUITE	ACUTIE PPMLD AA/Stable		

61: Previous year comparatives

Previous year's figures have been regrouped / reclassified, wherever considered necessary, to conform with current year's presentation.

The accompanying notes are an integral part of the financial statements
As per our Report of even date attached

For M/s. Varma & Varma
Chartered Accountants
Firm No. 004532S

P.R Prasanna Varma
Partner
M. No.025854
Place: Chennai
Date: May 9, 2023

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

Dr.Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
Wholetime Director
(DIN. 09099182)

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary