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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, 2024, 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 material accounting policy information and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit and total comprehensive income, the 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 Act. 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 standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

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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 standalone financial statements for the financial year ended March 31, 2024. 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 material 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 2024, the Company has reported gross loan assets of Rs. 85,611.31 million against which an impairment loss of Rs. 2,336.39 million 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.

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 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.	• 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

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Key audit matter	How the matter was addressed in our audit
	Financial Statements in accordance with the applicable accounting standards and related RBI circulars.
Information Technology ('IT') Systems and controls impacting financial reporting and additional reporting requirements in respect of "Audit Trail" feature 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 in 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, pursuant to Rule 11(g) of Companies (Audit and Auditors) Rules, 2014, the Auditor is required to also report on the "Audit Trail" feature in the accounting software. 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	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. Where deficiencies were identified, if any, we tested compensating controls or performed alternate procedures. To enable us to report on the "Audit Trail" feature in the accounting software, certain additional procedures were performed which included a review of the Audit logs maintained for all the major processes/ stages on a test check basis and also review of the IS audit reports, internal audit reports and SOC 2 reports of the SaaS vendors (to

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Key audit matter	How the matter was addressed in our audit
financial information including the additional reporting responsibilities in relation to "Audit Trail" feature, we have identified this as a key audit matter for current year's audit.	the extent available) to identify whether there were any unresolved issues in relation to Audit Trail.

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 31,2024 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 identified above when it becomes available 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 and take necessary actions, as applicable under the relevant laws and regulations.

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 Ind AS 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection

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and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are 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 financial 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 with reference to financial statements in place and the operating effectiveness of such controls.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2024 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 Indian Accounting Standards (Ind AS) 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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 with reference to financial statements 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 with reference to financial statements

   (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 the standalone financial statements – Refer Note No. 47 to the standalone financial statements

ii. The Company has made provision, as required under the applicable accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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 31,2024.

iv.

a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note No. 58.6 to the standalone financial statements, 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(s) or entity(ies s), including foreign entities ("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, as disclosed in the Note No. 58.6 to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("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;

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c) Based on the audit procedures performed by us that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v.

a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

b) As stated in Note No. 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. As stated in Note 58.8 to the financial statements and according to the information and explanations given to us by the Company and based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log). facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that;

i. the feature of recording audit trail (edit log) facility was not seen enabled at the database level of the accounting software used by the Company during the year.

ii. complete particulars of the modified fields were not seen captured in the audit trail in respect of the human resources management software used during the year.

Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

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As the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 01, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For Varma & Varma
Chartered Accountants
FRN. 004532S

P.R Prasanna Varma
Partner
M.No. 025854
UDIN : 24025854BKGPYH8649

Place: Chennai
Date: 9th May, 2024

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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, 2024.

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, 2024 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 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 and security receipts 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) According to the information and explanations given to us and the records of the Company examined by us, 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.

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c) According to the information and explanations given to us and the records of the Company examined by us, 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, i.e, cases where the same were not repaid/ paid when they were due or were repaid/ paid with a delay, in the normal course of lending business. The total amount overdue as at March 31, 2024 is as given below:

Particulars – Days past due	Overdue Amount as at March 31, 2024 (Rs. in Millions)	No of Cases
1-30 Days	31.55	23,234
31-60 Days	77.15	26,617
61-89 Days	89.50	21,438
90 or more days*	627.51	1,37,294

**excluding overdue interest which is not recognised as a matter of prudence*

Having regard to the nature of business undertaken by the company and the volume of information involved, specific details of the irregularities are not reported.

d) In respect of loans granted by the Company, the total amount overdue for ninety days or more as per books of account as at the balance sheet date is as under:

No. of cases	**Total Overdue***
1,37,294	Rs. 627.51 Million

**excluding overdue interest which is not recognised as a matter of prudence*

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.

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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) According to the information and explanations given to us and the records of the Company examined by us, 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 Act. The provisions of section 186 of the Act with respect of loans, guarantee and security is not applicable to the Company being a NBFC-MFI and the investments made by the Company are in compliance with the provisions of section 186 of the Act, as applicable.

5. According to the information and explanations given to us and the records of the Company examined by us , during the year the Company has not accepted any deposits or any amounts deemed to be deposits which attracts the directives issued by the Reserve Bank of India or within the meaning of Sections 73 to 76 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Hence, reporting under clause 3(v) of the Order is not applicable.

6. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the Company. Hence, reporting under clause 3(vi) of the Order is not applicable.

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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, 2024 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, 2024 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
Income Tax Act, 1961	Income Tax	0.35	FY 2021-22	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

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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 willful defaulter by any bank or financial institution or other lender.

c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained, other than temporary deployment pending application of proceeds of term loans of Rs. 4,100.00 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 not made any preferential allotment or private placement of equity shares and of fully or partly or optionally convertible debentures during the year.

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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 fraud by the Company or on the Company, noticed or reported during the year, except 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 reporting under clause 3(xii) of the Order is not applicable.

13. According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in Note No.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.

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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 the 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 CHARTERED ACCOUNTANTS CHENNAI

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 : 24025854BKGPYH8649

Place: Chennai
Date: 9th May, 2024

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, 2024

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 with reference to standalone financial statements of Belstar Microfinance Limited ("the Company") as of March 31, 2024 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 financial controls with reference to standalone financial statements 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 with reference to standalone financial statements 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 prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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CHARTERED ACCOUNTANTS

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A Company's internal financial controls with reference to standalone financial statements 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 with reference to standalone financial statements 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 Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

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, 2024, 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 : 24025854BKGPYH8649

Place: Chennai
Date: 09th May, 2024

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED

Balance Sheet as at March 31, 2024 **(Rs. In millions)**

	Particulars	Note No	As at March 31, 2024	As at March 31, 2023
I	**ASSETS**			
	1 Financial assets			
	a) Cash and cash equivalents	6	6,943.00	12,812.45
	b) Bank Balance other than (a) above	7	394.95	448.80
	c) Receivables			
	(I) Trade Receivables	8	12.59	7.61
	(II) Other Receivables		-	-
	d) Loans	9	83,274.92	46,275.36
	e) Investments	10	-	528.64
	f) Other Financial assets	11	1,442.59	1,318.56
	2 Non-financial Assets			
	a) Current tax assets (Net)	41	508.31	362.15
	b) Deferred tax assets (Net)	42	589.89	167.59
	c) Investment Property	12	1.10	1.10
	d) Property, Plant and Equipment	13	49.58	53.60
	e) Right-of-use assets	14	59.39	97.12
	f) Intangible assets under development	15	3.65	0.44
	g) Other Intangible assets	16	3.74	7.95
	h) Other non financial assets	17	307.42	187.64
	Total Assets		**93,591.13**	**62,269.01**
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	7.68	7.20
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19	27.10	24.55
	(II) Other Payables			
	(i) total outstanding dues of micro enterprises and small enterprises			
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises			
	c) Debt Securities	20	7,413.59	6,215.71
	d) Borrowings (other than debt securities)	21	62,515.85	40,399.64
	e) Subordinated Liabilities	22	2,806.78	1,649.51
	f) Lease liabilities	47 B	65.04	105.86
	g) Other Financial liabilities	23	3,210.20	2,773.08
	2 Non-financial Liabilities			
	a) Provisions	24	175.06	81.86
	b) Other non-financial liabilities	25	81.69	59.29
	EQUITY			
	a) Equity share capital	26	548.44	488.44
	b) Other equity	27	16,739.70	10,434.55
	Total Liabilities and Equity		**93,591.13**	**62,269.01**

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's Registration No. 004532S

P.R Prasanna Varma
Partner
M. No.025854

Place: Chennai
Date :May 9, 2024

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 CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Statement of Profit and Loss for the year ended March 31, 2024 **(Rs. In millions)**

		Particulars	Note No	For the Year ended March 31, 2024	For the Year ended March 31, 2023
		Revenue from operations			
	(i)	Interest income	30	16,617.88	8,817.73
	(ii)	Fee and commission income	31	5.04	64.29
	(iii)	Net gain on fair value changes	32	53.56	27.47
	(iv)	Net gain on de-recognition of financial instruments under amortised cost category	33	1,650.27	1,403.12
(I)		**Total Revenue from operations**		**18,326.75**	**10,312.61**
(II)		Other Income	34	187.09	66.54
(III)		**Total Income (I + II)**		**18,513.84**	**10,379.15**
		Expenses			
	(i)	Finance costs	35	5,840.48	3,654.44
	(ii)	Fee and commission expense	36	309.81	263.79
	(iii)	Net loss on fair value changes	32	279.65	193.06
	(iv)	Impairment of financial instruments	37	3,199.70	1,445.79
	(v)	Employee benefit expenses	38	3,182.34	2,155.78
	(vi)	Depreciation, amortization and impairment	39	118.11	118.39
	(vii)	Other expenses	40	1,165.28	854.83
(IV)		**Total Expenses (IV)**		**14,095.37**	**8,686.08**
(V)		**Profit/(loss) before tax (III - IV)**		**4,418.47**	**1,693.07**
(VI)		**Tax Expense:**			
	(i)	Current tax	41	1,458.06	48.16
	(ii)	Deferred tax	42	(420.92)	351.25
	(iii)	Earlier years adjustments		(17.21)	(9.59)
(VII)		**Profit/(loss) for the year (V - VI)**		**3,398.54**	**1,303.25**
(VIII)		**Other Comprehensive Income**			
	A)	**Items that will not be classified to profit or loss**			
		(i) Actuarial Gain/(Loss) on defined benefit obligation		(14.58)	(7.74)
		(ii) Changes in value of forward element of forward contract		8.89	(8.89)
		(iii) Tax impact thereon		1.43	4.18
		Subtotal (A)		**(4.26)**	**(12.45)**
	B)	**Items that will be classified to profit or loss**			
		(i) Fair value gain/ (loss) on Financial instruments measured at FVOCI		-	-
		(ii) Effective portion of gain on Hedging Instruments in Cash Flow Hedges		0.23	(0.23)
		(ii) Tax impact thereon		(0.06)	0.06
		Subtotal (B)		**0.17**	**(0.17)**
		Other Comprehensive Income (A + B)		**(4.09)**	**(12.62)**
(IX)		**Total Comprehensive Income for the year (VII + VIII)**		**3,394.45**	**1,290.63**
(X)		**Earnings per equity share (Face Value - Rs 10 per share)**	43		
		Basic (Rs.)		69.30	27.12
		Diluted (Rs.)		69.30	27.12

The accompanying notes are an integral part of the financial statements

As per our Report of even date attached

For and on behalf of Board of Directors

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

P.R.Prasanna Varma
Partner
M. No.025854

Place: Chennai
Date :May 9, 2024

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

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Cash Flow Statement for the year ended March 31, 2024 (Rs. In millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Operating activities		
Profit before tax	**4,418.47**	**1,693.07**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	118.11	118.39
Impairment on financial instruments	3,199.70	1,445.79
Finance cost	5,840.48	3,654.44
Net loss on fair value changes	279.65	193.06
Net gain on fair value changes	(53.56)	(27.47)
Interest income on deposits	(297.90)	(286.68)
Profit on sale of asset	1.11	-
Operating Profit Before Working Capital Changes	**13,506.06**	**6,790.60**
Working capital changes		
(Increase) / Decrease in Trade receivables	(4.99)	(4.15)
(Increase) / Decrease in Loans	(40,199.25)	(12,178.62)
(Increase) / Decrease in Other financial asset	(128.62)	(724.37)
(Increase) / Decrease in Other non financial asset	(119.79)	(47.22)
Increase / (Decrease) in Trade and Other payables	3.03	29.01
Increase / (Decrease) in Other liabilities	363.90	1,378.29
Increase / (Decrease) in Provision	78.62	12.58
Cash flows from/(used in) operating activities before tax	**(26,501.04)**	**(4,743.88)**
Interest paid on borrowings	(5,857.44)	(3,476.05)
Income tax paid	(1,593.97)	(465.61)
Net cash flows from/(used in) operating activities	**(33,952.45)**	**(8,685.54)**
Investing activities		
Acquisition of fixed and intangible assets	(61.55)	(69.28)
Net gain on fair value changes	53.56	27.47
Proceeds from sale of fixed assets	0.53	-
Investment in security receipts (ARC)	-	(721.70)
Redemption of security receipts (ARC)	248.99	-
Redemption / (Investment) in fixed deposits	53.85	911.38
Interest received on deposits	308.15	361.42
Net cash flows from/(used in) investing activities	**603.53**	**509.29**
Financing activities		
Proceeds from issue of shares	3,000.00	1,086.70
Proceeds from / (Repayment) of borrowings	24,572.37	12,763.79
Interest paid on Lease liabilities	(8.59)	(11.02)
Payment towards Lease liabilities	(55.00)	(55.45)
Dividend paid on equity shares	(29.31)	(13.68)
Net cash flows from financing activities	**27,479.47**	**13,770.34**
Net increase in cash and cash equivalents	**(5,869.45)**	**5,594.09**
Cash and cash equivalents at beginning of the Year	12,812.45	7,218.36
Cash and cash equivalents at end of the year	**6,943.00**	**12,812.45**

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 and on behalf of Board of Directors

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

P.R Prasanna Varma
Partner
M. No.025854

Place: Chennai
Date :May 9, 2024

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

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 CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Statement of Changes in Equity for the year ended March 31, 2024

A . Equity Share Capital

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the current reporting period	**488.44**	**456.09**
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	60.00	32.35
Balance at the end of the current reporting period	**548.44**	**488.44**
No. of Equity Shares of Rs.10/- each	54,844,055	48,844,055

B. Other Equity

Particulars	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, 2024										
Balance at the beginning of the reporting period	906.80	500.00	6,074.60	0.01	(13.10)	2,973.07	(6.66)	(0.17)	-	10,434.55
Total Comprehensive Income for the current year	-	-	-	-	(10.92)	3,398.54	6.66	0.17	-	3,394.45
Dividends	-	-	-	-		(29.30)	-	-	-	(29.30)
Transfer to Statutory Reserve	679.71	-		-		(679.71)	-	-	-	-
Transfer to General Reserve				2,000.00		(2,000.00)				-
Premium on Issue of Shares	-	-	2,940.00	-		-	-	-	-	2,940.00
Balance at the end of the reporting period	**1,586.51**	**500.00**	**9,014.60**	**2,000.01**	**-24.02**	**3,662.60**	**-**	**-**	**-**	**16,739.70**
As at March 31,2023										
Balance at the beginning of the reporting period	646.14	500.00	5,020.25	0.01	(7.31)	1,944.15	-	-	-	8,103.24
Total Comprehensive Income for the current year	-	-	-	-	(5.79)	1,303.25	(6.66)	(0.17)	-	1,290.63
Dividends	-	-	-	-	-	(13.67)	-	-	-	(13.67)
Transfer to Statutory Reserve	260.66	-	-	-	-	(260.66)	-	-	-	-
Premium on Issue of Shares *	-	-	1,054.35	-	-	-	-	-	-	1,054.35
Balance at the end of the reporting period	**906.80**	**500.00**	**6,074.60**	**0.01**	**(13.10)**	**2,973.07**	**(6.66)**	**(0.17)**	**-**	**10,434.55**

* Premium is net of transaction cost for issue of equity shares of Rs 13.30 Million during the year 22-23

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's Registration No. 004532S

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

P.R Prasanna Varma
Partner
M. No.025854
Place: Chennai
Date :May 9, 2024

For and on behalf of Board of Directors

Dr. Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
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(DIN. 09099182)

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

Belstar Microfinance Limited
Notes forming part of the Ind AS Financial Statements

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, 2024

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 Presentation of Financial Statements

The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity, are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 - Statement of Cash Flows. The Company presents its Balance Sheet in the order of liquidity.

2.3 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.

2.4 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.

2.5 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. Summary of Material 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 to the gross carrying amount of a financial asset.

When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument (for example, prepayment options) and 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, but not future credit losses

Interest income on financial assets measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

3.2 Recognition of income other than Interest Income

Revenue (other than for financial instruments) is measured at fair value of the consideration received or receivable,) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue From Contracts with Customers'.

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

3.3 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.

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3.4 Financial instruments

3.4.1 Financial assets

Initial recognition & measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not measured subsequently 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.

3.4.2 Subsequent measurement

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

1. Loans at amortised cost
2. Loans at fair value through other comprehensive income (FVTOCI).
3. Investments in Debt instruments, and equity instruments at fair value through profit or loss (FVTPL).

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).

Loans 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.

Loans 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.

Investments in debt instruments which does not meet the criteria for categorization as amortized cost or as FVTOCI, 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.

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.

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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.

3.4.3 Financial liabilities

Initial Recognition and 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. The EIR amortisation is included as finance costs in the statement of profit and loss.

3.5 Derecognition of financial assets and liabilities

3.5.1 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.

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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.

On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss .

3.5.2 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.

3.6 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.

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For impaired financial instruments:

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

3.6.2 The calculation of ECLs

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

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

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

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

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

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, 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, and appropriate overlays, 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.

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.

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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 for which fair value is measured 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.

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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.

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 Cash and cash equivalents

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

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

3.11 Property, plant and equipment

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

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.

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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.

3.11.1 Depreciation

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

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

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.

3.12 Intangible assets

The Company's intangible assets consist of computer software.

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.

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

3.13 Investment Property

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

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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.

3.14 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.

3.15 Post employment benefits

3.15.1 Defined contribution plans

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 plan.

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.

3.15.2 Defined Benefit plans

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 insurance companies.

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.

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.

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3.16 Provisions

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

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

3.18 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 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.

Deferred tax relating to items recognised outside the statement profit or loss is recognised outside the statement profit or loss (either in other comprehensive income or in equity).

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

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

3.19 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. A contingent asset is disclosed, where an inflow of economic benefits is probable.

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 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.

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

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– 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 classified as 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.

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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 the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

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

4.5 Effective Interest Rate (EIR) method

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

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

4.6 Other estimates:

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

5 Standards issued but not yet effective

As at March 31, 2024, there are no Ind AS Standards/amendments that have been issued but are not yet effective.

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CHENNAI
600 083

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Notes forming part of the Ind AS Financial Statements

6: Cash and cash equivalents **(Rs. In millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	77.73	14.87
Balances with Banks		
- in current accounts	3,151.72	1,108.35
- in deposit accounts with Original maturity of less than 3 months	3,713.55	11,689.23
Total	**6,943.00**	**12,812.45**

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.

7: Bank balances other than cash and cash equivalents **(Rs. In millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Deposits with original maturity of more than three months but less than twelve months.	159.95	76.26
Balances with banks to the extent held as security against borrowings #	235.00	372.54
Total	**394.95**	**448.80**

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

8: Trade Receivables **(Rs. In millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables		
Receivable considered good - Secured	-	-
Receivable considered good - Unsecured	12.59	7.61
Receivables which have significant increase in credit risk		
Receivables - Credit impaired	-	-
Total	**12.59**	**7.61**
Provision for impairment :		
Receivable considered good - Unsecured	-	-
Receivables which have significant increase in credit risk	-	-
Receivables - credit impaired	-	-
Total Net receivable	**12.59**	**7.61**

Trade receivables includes receivable from related party as of March 31, 2024 - Rs. 10.95 million and as of March 31, 2023 - Rs. 0.70 million, . 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 ended March 31, 2024, INR Nil, and Year ended March 31, 2023 - INR Nil was recognised as provision for expected credit losses on trade receivable.

Ageing of Trade Receivables **(Rs. In millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables		
Undisputed Trade Receivable - Considered Good		
- Less than 6 months	12.51	7.61
- 6 months - 1 years	0.08	-
- 1 - 2 years	-	-
- 2 - 3 years	-	-
- More than 3 years	-	
Total	**12.59**	**7.61**

There are no trade receivables outstanding on account of any disputes

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9: Loans

(Rs. in millions)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Amortised Cost	Fair value Through OCI	Total	Amortised Cost	Fair value Through OCI	Total
(A)						
i) Receivables under financing activities	85,607.17	-	85,607.17	47,227.53	-	47,227.53
ii) Staff Loan	4.14	-	4.14	4.86	-	4.86
Total (A) - Gross	**85,611.31**	-	**85,611.31**	**47,232.39**	-	**47,232.39**
Less : Impairment loss allowance	(2,336.39)	-	**(2,336.39)**	(957.03)	-	**(957.03)**
Total (A) - Net	**83,274.92**	-	**83,274.92**	**46,275.36**	-	**46,275.36**
(B)						
I) Secured by tangible assets and intangible assets	57.31	-	57.31	35.54	-	35.54
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-
III) Unsecured			-			-
i) Receivables under financing activities	85,549.86	-	85,549.86	47,192.00	-	47,192.00
ii) Staff loan	4.14	-	4.14	4.85	-	4.85
Total (III) - Gross	**85,554.00**	-	**85,554.00**	**47,196.85**	-	**47,196.85**
Less : Impairment loss allowance	(2,336.39)	-	(2,336.39)	(957.03)	-	(957.03)
Total (III) - Net	**83,217.61**	-	**83,217.61**	**46,239.82**	-	**46,239.82**
Total (B) (I+II+III) - Net	**83,274.92**	-	**83,274.92**	**46,275.36**	-	**46,275.36**
(C)						
i) Public Sector	-	-				
ii) Others	85,611.31	-	85,611.31	47,232.39	-	47,232.39
Total (C) - Gross	**85,611.31**	-	**85,611.31**	**47,232.39**	-	**47,232.39**
Less: Impairment Loss Allowance (C)	(2,336.39)	-	(2,336.39)	(957.03)	-	(957.03)
Total (C)- Net	**83,274.92**	-	**83,274.92**	**46,275.36**	-	**46,275.36**

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, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
High grade	82,546.71			**82,546.71**	45,599.87			**45,599.87**
Standard grade	479.67			**479.67**	170.27			**170.27**
Sub-standard grade		589.74		**589.74**		174.01		**174.01**
Past due but not impaired		434.91		**434.91**		143.43		**143.43**
Non - performing				**-**				**-**
Individually impaired			1,560.28	**1,560.28**			1,144.81	**1,144.81**
Total	83,026.38	1,024.65	1,560.28	85,611.31	45,770.14	317.44	1,144.81	47,232.39

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An analysis of changes in the gross carrying amount is, as follows:

(Rs. in millions)

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**45,770.14**	**317.44**	**1,144.81**	**47,232.39**	**33,834.19**	**1,800.93**	**2,145.00**	**37,780.12**
New assets originated or purchased (net of repayment)	74,572.11			**74,572.11**	41,626.14	-	-	**41,626.14**
Assets derecognised or repaid (excluding write offs)	(33,828.51)	(215.04)	(373.45)	**(34,417.00)**	(26,885.94)	(542.57)	(2,025.90)	**(29,454.41)**
Transfers to Stage 1	10.75	(6.44)	(4.31)	-	34.42	(30.97)	(3.45)	-
Transfers to Stage 2	(1,189.72)	1,189.96	(0.24)	-	(634.69)	637.71	(3.02)	-
Transfers to Stage 3	(2,308.39)	(261.27)	2,569.66	-	(2,203.98)	(1,547.66)	3,751.64	-
Amounts written off (Refer Note 9.1)			(1,776.19)	**(1,776.19)**			(2,719.46)	**(2,719.46)**
Gross carrying amount closing balance	**83,026.38**	**1,024.65**	**1,560.28**	**85,611.31**	**45,770.14**	**317.44**	**1,144.81**	**47,232.39**

An analysis of changes in the ECL Allowance is, as follows:

(Rs. in millions)

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**30.77**	**86.72**	**839.54**	**957.03**	**114.09**	**504.25**	**1,619.25**	**2,237.59**
New assets originated or purchased	1,320.62			**1,320.62**	175.44	-	-	**175.44**
Assets derecognised or repaid (excluding write offs)	(10.90)	(13.92)	(117.14)	**(141.96)**	(111.81)	(92.24)	(186.98)	**(391.03)**
Transfers to Stage 1	4.71	(1.74)	(2.97)	-	9.42	(7.01)	(2.41)	-
Transfers to Stage 2	(262.15)	262.31	(0.16)	-	(49.68)	51.78	(2.10)	-
Transfers to Stage 3	(591.20)	(73.14)	664.34	-	(110.10)	(455.62)	565.72	-
Impact on ECL of exposures transferred between stages during the year	48.91	120.32	1,807.66	**1,976.89**	3.41	85.56	1,565.52	**1,654.49**
Amounts written off (Refer Note 9.1)			(1,776.19)	**(1,776.19)**	-	-	(2,719.46)	**(2,719.46)**
ECL allowance - closing balance	**540.76**	**380.55**	**1,415.08**	**2,336.39**	**30.77**	**86.72**	**839.54**	**957.03**

9.1 Sale of Assets to ARC

During the previous year, the Company had sold certain stressed loan receivables to an Asset Reconstruction Company ("ARC") and had subscribed to the Security Receipts ("SRs") issued by the ARC trust (classified under Fair Value through Profit or Loss). As at March 31, 2024, the face value of the above SRs aggregates to Rs 472.71 million and the corresponding NAV declared by the ARC Trust is Rs. 336.31 million. As in the previous year, the Company continues to apply 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 at each reporting date, 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 was recognised against the face value of these SRs in the previous year and additional loss on fair value changes applying the same ratio amounting to Rs. 279.65 Million was recognised during the year, as disclosed under Note No. 32. As a result of the above, the net carrying value of these SRs as at March 31, 2024 is NIL

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10: Investments **(Rs. In millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
1. Amortised Cost		
a) Overseas investments	-	-
b) Investments in India	-	-
2. Fair Value Through OCI		
a) Overseas investments	-	-
b) Investments in India	-	-
3. Fair Value Through Profit or Loss		
a) Overseas investments	-	-
b) Investments in India		
i) Security receipts (Refer Note 9.1)		
7,21,700 Nos. of SRs having a face value of Rs.655 (Previous year - 7,21,700 Nos. of SRs having a face value of Rs.1000 each) *	-	528.64
Total Gross (A)	**-**	**528.64**
Less : Allowance for impairment loss (B)	-	-
Total - Net C = (A) - (B)	**-**	**528.64**

* For basis of determination of Fair Value - Refer Note 9.1

11: Other financial assets **(Rs. In millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits (Unsecured considered good)	38.73	31.21
Receivable towards assignment transactions (Unsecured considered good)	214.95	202.71
Excess interest spread receivable on assignment transactions	1,154.54	1,047.19
Accrued Income - Fee	0.23	-
Interest accrued on fixed deposits with banks	34.14	37.45
Total	**1,442.59**	**1,318.56**

Accrued Income - Fee for the year ended Mar 31, 2024 includes transaction from related party Rs. 0.23 million (As at March 31, 2023 - Nil). Refer Note 48 for more details.

12: Investment property **(Rs. In millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
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 Year	-	-
Closing accumulated depreciation amount	-	-
Net carrying amount	**1.10**	**1.10**

Investment Property comprises of one parcel of vacant land.

The fair value of investment property as on March 31, 2024 is Rs. 1.73 millions (March 31, 2023, -Rs. 1.45 millions) as determined by an external independent Registered Valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017

There were no immovable property where the title deeds are not held in the name of the company

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

Particulars	Office equipment	Computers	Furniture & Fixtures	Vehicles	Total
Cost (Gross Carrying Amount) :					
As at April 01, 2022 (Opening Balance)	**56.24**	**133.17**	**24.76**	**1.47**	**215.64**
Additions	18.81	31.28	10.23	-	60.32
Disposals	-	-	-	-	-
As at March 31, 2023	**75.05**	**164.45**	**34.99**	**1.47**	**275.96**
Additions	34.14	5.57	15.81	-	55.52
Disposals	-	30.51	-	-	30.51
As at March 31, 2024	**109.19**	**139.51**	**50.80**	**1.47**	**300.97**
Accumulated depreciation					
As at April 01, 2022 (Opening Balance)	**44.49**	**101.45**	**20.74**	**1.27**	**167.95**
Disposals	-	-	-	-	-
Depreciation charge for the year ended March 31, 2023	16.09	30.93	7.33	0.06	54.41
As at March 31, 2023	**60.58**	**132.38**	**28.07**	**1.33**	**222.36**
Disposals	-	28.86	-	-	28.86
Depreciation charge for the year ended March 31, 2024	25.01	20.10	12.73	0.05	57.89
As at March 31, 2024	**85.59**	**123.62**	**40.80**	**1.38**	**251.39**
Net Carrying Amount					
As at March 31, 2023	**14.47**	**32.07**	**6.92**	**0.14**	**53.60**
As at March 31, 2024	**23.60**	**15.89**	**10.00**	**0.09**	**49.58**

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14: Right of use assets - Office Premises **(Rs. In millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Opening carrying value	**97.12**	**97.29**
Addition (Net) during the year	15.46	55.92
Amortisation for the year	(53.19)	(56.09)
Closing Carrying value	**59.39**	**97.12**

15: Intangible assets under development **(Rs. In millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Opening carrying value	**0.44**	**0.49**
Addition during the year	3.65	0.44
Capitalised during the year	(0.44)	(0.49)
Closing Carrying value	**3.65**	**0.44**

Project in Progress **(Rs. In millions)**

Intangible assets under development	As at March 31, 2024	As at March 31, 2023
Amount in intangible assets under development for a period of		
Less than 1 year	3.65	0.44
1 -2 years		
2 - 3 years		
More than 3 years		
Total	**3.65**	**0.44**

The Company does not have any intangibles under development which is overdue or has exceeded its cost compared to its original plan and hence completion schedule is not applicable. Further there are no suspended project carried under intangible assets under development.

16: Other Intangible Assets - Software **(Rs. In millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Cost (Gross Carrying Amount)		
Balance at the beginning of the Year	**92.33**	**83.31**
Addition during the year	2.81	9.02
Disposal during the year	-	-
Balance at the end of the Year	**95.14**	**92.33**
Accumulated amortisation		
Amortisation at the beginning of the Year	**84.38**	**76.50**
Disposal during the year	-	-
Charge during the year	7.02	7.88
Amortisation at the end of the Year	**91.40**	**84.38**
Net Carrying Amount at end of the year	**3.74**	**7.95**

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

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	90.15	78.93
Other Advances (refer note below)	9.88	-
Insurance claim receivable	96.77	17.43
Other Receivables	110.62	91.28
Total	**307.42**	**187.64**

As at 31st March 2024, the Company has incurred expenses for various services aggregating to Rs.9.88 million in connection with the proposed initial public offering of its equity shares (refer Note No.50). The proposed offer consists of Fresh issue of shares and Offer for sale by the existing shareholders. In accordance with the Offer Agreement entered between the Company and the selling shareholders, the selling shareholders shall reimburse the portion of offer related expenses that are attributable to the Offer for sale. Accordingly, the Company will recover these expenses incurred in connection with the issue on completion of IPO. The remaining amounts which are attributable to Fresh issue will be accounted as deduction from Equity on completion of IPO. Presently, the entire amount has been carried forward and disclosed under the head "Other Advances" as above.

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18:Derivative financial instruments **(Rs. In millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Currency derivatives		
Forward contracts		
Notional amounts (USD)	-	33.24
Notional amounts (INR)	-	2,767.06
Fair value-Assets	-	-
Fair value-Liabilities	-	29.32
Included in above are derivatives held for hedging and risk management purposes as follows:		
Cash flow hedging		
Currency Derivatives		
Notional amounts (USD)	-	33.24
Notional amounts (INR)	-	2,767.06
Fair value-Assets	-	-
Fair value-Liabilities	-	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.

19 : Trade Payables **(Rs. in millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises	7.68	7.20
Total outstanding dues of creditors other than micro enterprises and small enterprises	27.10	24.55
Total	**34.78**	**31.75**

19.1 Trade Payable Ageing Schedule

Particulars	As at March 31, 2024	As at March 31, 2023
(i) MSME		-
- Less than 1 year	7.68	7.20
- 1 - 2 years		
- 2 - 3 years		
- More than 3 years		
Sub Total	**7.68**	**7.20**
(ii) Others		-
- Less than 1 year	27.10	24.55
- 1 - 2 years		
- 2 - 3 years		
- More than 3 years		
Sub Total	**27.10**	**24.55**
(iii) Disputed dues - MSME	-	-
(iv) Disputed dues - Others	-	-
Grand Total	**34.78**	**31.75**

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20: Debt Securities (Rs. in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Amortised Cost		
Bonds/ Debentures		
Secured Non-Convertible Debentures - Listed	2,989.65	6,215.71
Unsecured Non-Convertible Debentures -Listed	4,423.94	-
Total (A)	7,413.59	6,215.71
Debt securities in India	7,413.59	6,215.71
Debt securities outside India	-	-
Total (B)	7,413.59	6,215.71

Details of Redeemable Non-Convertible Debentures

Particulars	As at March 31, 2024	As at March 31, 2023	Date of redemption	Nominal value per debenture #	Total number of debentures #
Secured Non-Convertible Debentures - Listed					
10.58% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	499.95	21-Apr-23	1,000,000	500
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	249.93	16-May-23	1,000,000	250
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	199.91	17-Jun-23	1,000,000	200
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	699.63	30-Jun-23	1,000,000	700
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	349.50	7-Jul-23	1,000,000	350
8.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	1,243.47	28-Feb-24	1,000,000	1,250
9.35% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	2,989.65	2,973.32	31-Oct-24	1,000,000	3,000
Total	2,989.65	6,215.71			
Unsecured Non-Convertible Debentures -Listed					
10% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	1,620.64		1-Aug-25	100,000	21,700
10% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	2,803.30	-	31-Mar-26	100,000	28,300
Total	4,423.94	-			

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

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

21: Borrowings (other than debt securities) (Rs. in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Amortised Cost		
(a) Term loans (Secured)		
(i) from banks		
Rupee Loans	59,546.83	36,443.09
Foreign currency Loans	-	2,716.03
(ii) from Financial Institutions (including NBFC)	1,969.45	1,240.52
(b) Loans repayable on demand		
(i) from banks (OD & CC)	999.57	-
Total (A)	62,515.85	40,399.64
Borrowings in India	62,515.85	40,399.64
Borrowings outside India	-	-
Total (B)	62,515.85	40,399.64

(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 2023-24 aggregating to Rs.4,100 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.

(iv) The Company has used the borrowings from banks and financial institutions for the specific purpose for which the loans were taken

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22: Subordinated Liabilities

(Rs. in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Subordinated Liabilities - Debentures - Unlisted	2,062.02	657.93
Subordinated Liabilities - Debentures - Listed	495.26	742.36
Subordinated Liabilities - Loan	249.50	249.22
Total (A)	**2,806.78**	**1,649.51**
Subordinated Liabilities in India	2,806.78	1,649.51
Subordinated Liabilities outside India	-	-
Total (B)	**2,806.78**	**1,649.51**

Detail of Subordinated Debt

Particulars	As at March 31, 2024	As at March 31, 2023	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	31-Jul-23	1,000,000	70
14% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable,Non-Convertible Debentures	199.20	198.72	11-Sep-25	100,000	2,000
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable,Non-Convertible Debentures	239.47	239.21	3-Dec-25	100,000	2,400
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable,Non-Convertible Debentures	150.00	150.00	15-May-26	100,000	1,500
11.00% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable,Non-Convertible Debentures	1,473.35		19-Jul-29	100,000	15,000
Total	**2,062.02**	**657.93**			
Subordinated Liabilities - Debentures - Listed					
11.5% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures	-	248.05	31-May-23	1,000	250,000
14.50% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable,Non-Convertible Debentures	495.26	494.31	30-Sep-27	1,000,000	500
Total	**495.26**	**742.36**			
Subordinated Liabilities - Loan					
14.50% Unsecured, Subordinated Loan	249.50	249.22	23-Dec-25		
Total	**249.50**	**249.22**			-

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

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BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

Terms of repayment of borrowings outstanding as at March 31, 2024

Maturity pattern of Debt securities - Secured & Unsecured Debentures

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Quarterly repayment schedule	8%-10%	4	1,078.84	2	541.80	-	-	-	-	-	-	-	-	6	1,620.64
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	1	2,989.65	1	2,803.30	-	-	-	-	-	-	-	-	2	5,792.95
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		5	4,068.49	3	3,345.10	-	-	-	-	-	-	-	-	8	7,413.59

Maturity pattern of Term loan from Bank - INR

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	270	7,820.51	184	5,509.71	20	345.80	-	-	-	-	-	-	474	13,676.02
	10%-12%	229	5,580.95	36	1,356.49	-	-	-	-	-	-	-	-	265	6,937.44
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	272	18,129.08	197	14,348.59	35	3,039.89	-	-	-	-	-	-	504	35,517.56
	10%-12%	81	2,985.95	14	429.86	-	-	-	-	-	-	-	-	95	3,415.81
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		852	34,516.49	431	21,644.65	55	3,385.69	-	-	-	-	-	-	1,338	59,546.83

Maturity pattern of Term loan from Financial Institutions

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	34	605.18	8	249.58	-	-	-	-	-	-	-	-	42	854.76
	10%-12%	12	333.33	-	-	-	-	-	-	-	-	-	-	12	333.33
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	8	315.53	4	232.72	4	233.11	-	-	-	-	-	-	16	781.36
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		54	1,254.04	12	482.30	4	233.11	-	-	-	-	-	-	70	1,969.45

Maturity pattern of Loans Repayable on Demand (from banks - CC)

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
On demand	8%-10%	1	999.57	-	-	-	-	-	-	-	-	-	-	1	999.57
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		1	999.57	-	-	-	-	-	-	-	-	-	-	1	999.57

Maturity pattern of Subordinated Liabilities

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	1	1,473.35	1	1,473.35
	12%-14%	-	-	1	199.20	-	-	-	-	-	-	-	-	1	199.20
	14%-15%	-	-	3	488.95	1	150.00	1	495.28	-	-	-	-	5	1,134.23
Total		-	-	4	688.15	1	150.00	1	495.28	-	-	1	1,473.35	7	2,806.78

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

Terms of repayment of borrowings outstanding as at March 31, 2023

Maturity pattern of Debt securities - Secured & Unsecured Debentures

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	7	3,226.05	1	2,989.66	-	-	-	-	-	-	-	-	8	6,215.71
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		7	3,226.05	1	2,989.66	-	-	-	-	-	-	-	-	8	6,215.71

Maturity pattern of Term loan from Bank - INR

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	463	7,079.58	153	3,572.30	18	1,049.29	-	-	-	-	-	-	634	11,701.17
	10%-12%	407	4,656.05	86	1,796.61	-	-	-	-	-	-	-	-	493	6,452.66
	12%-14%	15	100.45	-	-	-	-	-	-	-	-	-	-	15	100.45
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	343	7,115.69	227	6,511.85	46	2,475.60	-	-	-	-	-	-	616	16,103.14
	10%-12%	111	1,627.12	14	458.55	-	-	-	-	-	-	-	-	125	2,085.67
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		1,339	20,578.89	480	12,339.31	64	3,524.89	-	-	-	-	-	-	1,883	36,443.09

Maturity pattern of Term loan from Bank - Foreign Currency Loan

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	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 Institutions

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	24	314.03	11	206.25	-	-	-	-	-	-	-	-	35	520.28
	10%-12%	30	397.55	-	-	-	-	-	-	-	-	-	-	30	397.55
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	8	118.33	4	83.29	-	-	-	-	-	-	-	-	12	201.62
	10%-12%	5	121.07	-	-	-	-	-	-	-	-	-	-	5	121.07
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		67	950.98	15	289.54	-	-	-	-	-	-	-	-	82	1,240.52

Maturity pattern of Subordinated Liabilities

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

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

23: Other Financial liabilities **(Rs. in millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued but not due on borrowings	534.73	439.05
Payable towards assignment transactions	2,286.32	2,128.40
Expenses payable	62.94	30.85
Employee related payables	205.60	99.24
Others	120.61	75.54
Total	**3,210.20**	**2,773.08**

24: Provisions **(Rs. in millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
- Gratuity (Refer Note 44)	8.25	11.20
- Others	131.33	63.99
Provision for other losses	35.48	6.67
Total	**175.06**	**81.86**

Movement of provisions other than employee benefit during the year **(Rs. in millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Provision at beginning of the year	**6.67**	**7.55**
Arising during the year	33.44	0.25
Utilized during the year	(4.63)	(1.13)
Provision at end of the year	**35.48**	**6.67**

25: Other Non-financial liabilities **(Rs. in millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues payable	60.53	41.02
Insurance premium payable	5.67	2.15
Other non financial liabilities	15.49	16.12
Total	**81.69**	**59.29**

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, 2024	As at March 31, 2023
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		
54,844,055 (FY 2023 - 48,844,055) Equity Shares of Rs.10/- each	548.44	488.44
Total Equity	**548.44**	**488.44**

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

Particulars	As at March 31, 2024	As at March 31, 2023
No. of Shares		
Shares at beginning of the year	**48.84**	**45.61**
Issued during the year *	6.00	3.23
Shares at end of the year	**54.84**	**48.84**
Amount		
Shares at beginning of the year	**488.44**	**456.09**
Issued during the year *	60.00	32.35
Shares at end of the year	**548.44**	**488.44**

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.

***Issue of Shares**

During the current year

Pursuant to the resolution passed in meeting held on March 20, 2024, the board of directors have approved allotment of 60,00,000 equity shares of face value Rs 10/- each at a premium of Rs 490/- each on rights issue basis to Muthoot Finance Limited. Consequently, the issued, subscribed and paid-up share capital has increased to Rs. 548.44 Million comprising of 5,48,44,055 equity shares of Rs. 10/- each.

During the previous year

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)

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

Particulars	As at March 31, 2024	As at March 31, 2023
No. of Shares		
Muthoot Finance Limited (Holding Company)	35.03	27.83
Arum Holdings Limited (Group entity of Affirma Capital)	7.65	7.65
Sarvam Financial Inclusion Trust, Kancheepuram	4.94	5.99
Maj Invest Financial Inclusion Fund II K/S	4.79	4.79
Holding %		
Muthoot Finance Limited (Holding Company)	63.86	56.97
Arum Holdings Limited (Group entity of Affirma Capital)	13.94	15.66
Sarvam Financial Inclusion Trust.	9.00	12.26
Maj Invest Financial Inclusion Fund II K/S	8.74	9.81

VARMA & VARMA ★ CHARTERED ACCOUNTANTS ★ CHENNAI

BELSTAR MICROFINANCE LIMITED ★ CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Shareholding of Promoters

Shares held by promoters as at March 31, 2024 *			% Change During the year
Promoter Name	**No. of Shares**	**%of total shares**	
Muthoot Finance Limited	35,025,405	63.86	25.88
Sarvam Financial Inclusion Trust	4,938,324	9.00	-17.52
Dr Kalpana Sankar	8,966	0.02	-79.55

*The Board of Directors in the meeting held on April 26, 2024 has taken on record that the above list of individuals/ entities shall be indentified as "Promoters" of the Company for all purposes (regulatory, statutory or otherwise) and under all applicable laws.

Shares held by promoters as at March 31, 2023 **			% 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

**As disclosed in the Annual Return filed by the Company with the RoC for the year ended March 31, 2023

27: Other equity

(Rs. in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of India Act, 1934)	1,586.51	906.80
Securities Premium Account	9,014.60	6,074.60
Capital Redemption Reserve(CRR)	500.00	500.00
General Reserve *	2,000.01	0.01
Remeasurement gain/ (loss) of defined benefit plans-OCI	(24.02)	(13.10)
Surplus in Statement of Profit and Loss	3,662.60	2,973.07
Change in value of forward contract-OCI	-	(6.66)
Effective portion of gain / (Loss) on Hedging Instruments in Cash Flow Hedges-OCI	-	(0.17)
Total	**16,739.70**	**10,434.55**

For detailed movement of reserves refer Statement of Changes in equity.

* Pursuant to the resolution passed in the meeting of the Board of Directors held on May 09, 2024, an amount of Rs.2000 Million has been transferred to General Reserve

VARMA & VARMA * CHARTERED ACCOUNTANTS * CHENNAI

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BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

28: Nature and purpose of reserve

Securities Premium Reserve: Securities premium reserve is used to record the premium on issue of 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.

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: Statutory Reserve represents the accumulation of amount transferred from the surplus based on a fixed percentage of profit for the year as per Section 45-IC of the Reserve Bank of India Act, 1934

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:

i. Fair valuation of loans through other comprehensive income (FVTOCI)

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.

ii. Effective portion of cash flow hedge

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.

iii. Change in value of Forward Contract

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, 2024	As at March 31, 2023
Final dividend for previous fiscal year	29.31	13.67
Interim dividend for current fiscal year	-	-

Particulars	As at March 31, 2024	As at March 31, 2023
Final Dividend / Equity Share (for previous fiscal year)	0.60	0.30

The Board of Directors in its meeting held on May 09, 2024 has recommended a final dividend of Rs.0.75 per equity share of face value of Rs.10 each for the financial year ended March 31, 2024 subject to the approval of the shareholders of the Company at its ensuring Annual General Meeting.

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BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

30: Interest income **(Rs. in millions)**

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
On Financial Assets measured at Amortised Cost		
Interest income on loan	16,319.98	8,531.05
Interest income from fixed deposits	297.90	286.68
Sub Total	**16,617.88**	**8,817.73**
On Financial Assets measured at fair value through OCI		
Interest income on loan	-	-
Sub Total	-	-
Interest Income		
Interest income on loan	16,319.98	8,531.05
Interest income from fixed deposits	297.90	286.68
Total	**16,617.88**	**8,817.73**

31: Fee and commission income **(Rs. in millions)**

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Commission fees	5.04	64.29
Sale of services	**5.04**	**64.29**
Timing of revenue recognition		
Fee income that are recognised over a certain period of time	-	-
Fee income that are recognised at point in time	5.04	64.29
Sale of services	**5.04**	**64.29**
Geographical markets		
India	5.04	64.29
Outside India	-	-
Total	**5.04**	**64.29**

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

32 A: Net gain on fair value changes on investments **(Rs. in millions)**

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	53.56	27.47
- Derivatives	-	-
- Others	-	-
Total Net gain on fair value changes	**53.56**	**27.47**
Fair Value changes:		
- Realised	53.56	27.47
- Unrealised	-	-
Total Net gain on fair value changes	**53.56**	**27.47**

32 B: Net loss on fair value changes on investments **(Rs. in millions)**

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
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)	279.65	193.06
Total Net loss on fair value changes	**279.65**	**193.06**
Fair Value changes:		
- Realised	-	-
- Unrealised	279.65	193.06
Total Net loss on fair value changes	**279.65**	**193.06**

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33: Net gain on de-recognition of financial instruments under amortised cost category

(Rs. in millions)

Particulars	**For the Year ended March 31, 2024**	**For the Year ended March 31, 2023**
Net Gain on sale of loan portfolio through assignment transactions	1,650.27	1,403.12
Total	**1,650.27**	**1,403.12**

34: Other Income

(Rs. in millions)

Particulars	**For the Year ended March 31, 2024**	**For the Year ended March 31, 2023**
Bad debt recovery	156.12	65.93
Other income	30.97	0.61
Total	**187.09**	**66.54**

35: Finance Costs

(Rs. in millions)

Particulars	**For the Year ended March 31, 2024**	**For the Year ended March 31, 2023**
On Financial liabilities measured at Amortised Cost		
Interest on debt securities	705.89	450.76
Interest on borrowings	4,751.15	2,948.99
Interest on subordinate liabilities	366.50	233.31
Interest on Lease liability	8.59	11.02
Other charges	8.35	10.36
Total	**5,840.48**	**3,654.44**

36: Fee and commission expense

(Rs. in millions)

Particulars	**For the Year ended March 31, 2024**	**For the Year ended March 31, 2023**
Fee and commission expense	309.81	263.79
Total	**309.81**	**263.79**

37: Impairment of financial instruments

(Rs. in millions)

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

Particulars	**For the Year ended March 31, 2024**	**For the Year ended March 31, 2023**
On Financial instruments measured at Amortised Cost		
Loans	3,155.55	1,438.90
Excess Interest Spread receivable on assignment transaction	15.34	7.77
Other Assets	28.81	(0.88)
Sub Total	**3,199.70**	**1,445.79**
On Financial instruments measured at fair value through OCI		
Loans	-	-
Sub Total	-	-
Impairment on Financial Instruments		
Loans	**3,155.55**	**1,438.90**
Excess Interest Spread receivable on assignment transaction	**15.34**	**7.77**
Other Assets	**28.81**	**(0.88)**
Total	**3,199.70**	**1,445.79**

38: Employee Benefit Expenses

(Rs. in millions)

Particulars	**For the Year ended March 31, 2024**	**For the Year ended March 31, 2023**
Salaries and Wages	2,922.06	1,964.58
Contributions to Provident and Other Funds	229.56	168.23
Staff Welfare Expenses	30.72	22.97
Total	**3,182.34**	**2,155.78**

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39: Depreciation, amortization and impairment **(Rs. in millions)**

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Depreciation of Property, Plant and Equipment	57.89	54.41
Amortization of Intangible Assets	7.02	7.89
Amortisation of Right to use Asset	53.19	56.09
Total	**118.10**	**118.39**

40: Other Expenses **(Rs. in millions)**

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Rent	84.55	32.11
Electricity Charges	17.49	12.02
Business Promotion Expenses	21.91	11.88
Bank charges	89.52	50.91
Repairs to Buildings	34.39	26.67
Repairs to Machinery	130.56	67.02
Communication expense	63.67	46.93
Postage and courier	4.20	3.97
Printing and Stationery	84.48	32.79
Rates & Taxes	1.40	5.92
Legal & Professional Charges	141.77	105.85
Travelling and Conveyance	277.11	292.23
Insurance	62.31	41.72
Payments to Auditor	2.90	2.97
Membership and subscription	8.35	7.69
Directors' Sitting Fee	9.92	8.21
Credit Bureau expenses	40.81	22.14
Cloud charges	36.42	50.83
Loss on Sale of Fixed Assets	1.11	-
CSR Expenses	19.15	16.43
Loss on account of theft	0.54	0.39
Other expenses	32.72	16.15
Total	**1,165.28**	**854.83**

Break up of payment to auditors **(Rs. in millions)**

Particulars	For the Year ended March 31, 2024 *	For the Year ended March 31, 2023
As auditor:		
Statutory audit	1.64	1.66
Tax audit	0.33	0.28
Limited review	0.79	0.87
Certification fees	0.14	0.16
	2.90	**2.97**

* Excludes payment amounting to Rs.0.70 Million for services in relation to the proposed IPO which has been included in Other Advances (Note 17)

Details of CSR expenditure: **(Rs. in millions)**

Particulars	For the Year ended March 31, 2024 *	For the Year ended March 31, 2023
a) Amount required to be spent by the company during the year	18.83	16.43
b) Total of previous years shortfall *		-
c) Amount spent during the period (including towards previous year's shortfall)	19.15	16.43
- Construction/acquisition of any asset - In cash		-
- on purpose other than above	19.15	16.43
d) Shortfall at the end of the year	NA	-
e) Reason for Shortfall		
f) Nature of CSR Activities		

- Fostering Women Empowerment Processes through Capacity Building of SHGs and JLGs towards Social & Economic Transformation
- Transforming 1200 non-power based Enterprises into power based Enterprises.
- Providing Quality Health Services for the under privileged through Health Help Desk and Battery-operated Car services at Chengalpattu Medical College & Hospital – Chengalpattu District, Tamil Nadu
- Provided flood relief support to the affected families in the operating area of Tuticorin District

Notes

For details of Related party transactions in relation to CSR - Refer Note No. 48

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41: Income Tax **(Rs. in millions)**

The components of income tax expense

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Current tax	1,458.06	48.16
Deferred tax relating to origination and reversal of temporary differences	(420.92)	351.25
Earlier years adjustments	(17.21)	(9.59)
Income tax expense reported in Statement of profit and loss	**1,019.93**	**389.82**
Deferred tax related to items recognised in OCI		
Tax asset / (liability) due to Fair value impact on financial instruments measured at FVOCI	-	-
Tax asset / (liability) due to Effective portion of gain on Hedging Instruments in Cash Flow Hedges	(0.06)	0.06
Tax asset / (liability) on remeasurements of defined benefit plans	3.67	1.95
Tax asset / (liability) due to Change in value of forward contract	(2.24)	2.23
Income tax charged to OCI	**1.37**	**4.24**

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 is as follows:

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Tax rate as per IT Act, 1961	**25.168%**	**25.168%**
Accounting profit before tax	4,418.47	1,693.07
At India's statutory income tax rate of 25.168%	1,112.04	426.11
Effect of expenses that are not deductible in determining taxable profit	4.82	5.55
Deductions under Chapter VIA	(77.58)	(42.78)
Others (includes effects of taxes relating to earlier years)	(19.35)	0.94
Income tax expense reported in the statement of profit or loss	**1,019.93**	**389.82**

-

The effective income tax rate for the year ended March 31, 2024 is 23.08% and year ended March 31, 2023 is 23.02%

Net Current tax Assets / Liabilities **(Rs. in millions)**

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Current tax Asset	508.31	362.15
Current tax Liabilities	-	-
Current tax Asset / (Liabilities) (Net)	508.31	362.15

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42: Deferred tax

The following table shows deferred tax recorded in the balance sheet *(Rs. in millions)*

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred Tax Assets		
a) Depreciation	25.71	20.08
b) 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 - Net of OCI Adjustments	3.24	1.01
c) Impairment allowance for financial assets	643.24	290.61
d) Debt financial asset measured at amortised cost	246.90	134.96
e) Right-of-use asset	2.78	2.81
Sub Total	**921.87**	**449.47**
Deferred Tax Liabilities		
a) Financial liability measured at amortised cost (Borrowings)	63.63	35.37
b) Impact due to gain/loss on fair value of assignment transactions	268.35	248.81
c) Impact due to gain/loss on fair value of FVOCI loans / Forwards	-	(2.24)
d) Cash Flow Hedge Reserve	-	(0.06)
Sub Total	**331.98**	**281.88**
Total - Net	**589.89**	**167.59**

The following table shows deferred tax recorded in the Income tax expense:

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
In Profit and Loss		
a) Depreciation	(5.63)	(3.46)
b) 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	1.44	14.53
c) Impairment allowance for financial assets	(352.62)	251.45
d) Debt financial asset measured at amortised cost	(111.94)	(64.84)
e) Right-of-use asset	0.03	0.08
f) Financial liability measured at amortised cost (Borrowings)	28.26	14.61
g) Impact due to gain/loss on fair value of assignment transactions	19.54	138.88
Sub Total	**(420.92)**	**351.25**
In Other Comprehensive Income		
a) Impact due to remeasurement of defined benefit plans.	(3.67)	(1.95)
b) Impact due to gain/loss on fair value of FVOCI loans / Forwards	2.24	(2.23)
c) Cash Flow Hedge Reserve	0.06	(0.06)
Sub Total	**(1.37)**	**(4.24)**
Total	**(422.29)**	**347.01**

43 Earnings per share **(Rs. in millions)**

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Net profit attributable to ordinary equity holders	3,398.54	1,303.25
Weighted average number of ordinary shares for basic earnings per share	49.04	48.05
Effect of dilution:	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	49.04	48.05
Earnings per equity share (Face Value - Rs 10 per share)		
Basic earnings per share (Rs.)	**69.30**	**27.12**
Diluted earnings per share (Rs.)	**69.30**	**27.12**

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44: Retirement Benefit Plan

Defined Contribution Plan

The company makes contributions to Provident and Pension fund which are defined contribution plan for qualifying employees. Additionally, the Company also provides, for covered employees, health insurance through the Employee State Insurance scheme. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Company recognised following contribution to Provident Fund and Employee State Insurance scheme in the statement of profit and Loss

(Rs. in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Contribution to provident and pension fund	154.88	115.66
Contribution to Employees State Insurance	38.16	26.81
Total	**193.04**	**142.47**

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, 2024	As at March 31, 2023
Current service cost	20.40	15.14
Interest cost on benefit obligation	0.83	0.27
Past Service Cost	-	-
Total	**21.23**	**15.41**

Balance Sheet

Reconciliation of present value of the obligation and the fair value of plan assets: (Rs. in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Defined benefit obligation	119.97	84.83
Fair value of plan assets	111.72	73.63
Asset/(liability) recognized in the balance sheet	(8.25)	(11.20)
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, 2024	As at March 31, 2023
Opening defined benefit obligation	84.83	63.65
Interest cost	6.19	3.94
Current service cost	20.40	15.14
Benefits paid	(6.76)	(5.96)
Past Service Cost	-	-
Actuarial loss / (gain) on obligation	15.31	8.06
Closing defined benefit obligation	**119.97**	**84.83**

Changes in the fair value of plan assets are as follows: (Rs. in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening fair value of plan assets	73.63	59.31
Expected return	5.37	3.67
Contributions by employer	38.75	16.29
Benefits paid	(6.76)	(5.96)
Actuarial gains / (losses) on assets	0.73	0.32
Closing fair value of plan assets	**111.72**	**73.63**

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The principal assumptions used in determining gratuity obligations for the Company's plans are shown below: **(Rs. in millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	7.18%	7.30%
Rate of increase in compensation levels	10%	10%
Attrition rate	33%	32%
Expected rate of return on assets	7.30%	6.19%

The plan assets of the Company relating to Gratuity are managed through a trust are invested through Life Insurance Corporation (LIC) and Kotak Insurance (Kotak). The details of investments relating to these assets are not shown by LIC and Kotak. 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, 2024	As at March 31, 2023
Funded with LIC	73.28%	62.68%
Funded with Kotal Life Insurance	26.72%	
Funded with HDFC Life Insurance (formerly Exide)		37.32%

Sensitivity Level -Impact on defined benefit obligation

(Rs. in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate Impact		
0.5% increase	-1.46	-1.07
0.5% decrease	1.50	1.10
Future salary impact		
1% increase	2.91	2.14
1% decrease	-2.80	-2.06

(Rs. in millions)

Expected benefit payment for future years	As at March 31, 2024	As at March 31, 2023
Within the next 12 months (next annual reporting period)	30.74	20.78
Between 1 and 5 years	76.33	54.30
Between 5 and 10 years	40.09	30.24
Total expected payments	**147.16**	**105.32**

The weighted average duration of the defined benefit obligation as at March 31, 2024 is 5 years approximately, as at March 2023 is 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.

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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. For 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, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	6,943.00	-	6,943.00	12,812.45	-	12,812.45
Bank Balance other than above	128.17	266.78	394.95	142.45	306.35	448.80
Derivative financial instruments	-	-	-	-	-	-
Trade receivables	12.59	-	12.59	7.61	-	7.61
Loans	51,245.24	32,029.68	83,274.92	27,833.78	18,441.58	46,275.36
Investments	-	-	-	-	528.64	528.64
Other financial assets	1,340.77	101.82	1,442.59	1,208.55	110.01	1,318.56
Non-financial Assets						
Current tax asset (net)	508.31	-	508.31	-	362.15	362.15
Deferred tax assets (net)	589.89	-	589.89	-	167.59	167.59
Investment property	-	1.10	1.10	-	1.10	1.10
Property, plant and equipment	-	49.58	49.58	-	53.60	53.60
Right of use assets	41.18	18.21	59.39	50.47	46.65	97.12
Other intangible assets	-	7.39	7.39	-	8.39	8.39
Other non financial assets	223.02	84.40	307.42	100.57	87.07	187.64
Total assets	**61,032.16**	**32,558.97**	**93,591.13**	**42,155.88**	**20,113.13**	**62,269.01**
Liabilities						
Financial Liabilities						
Derivative financial instruments	-	-	-	29.32	-	29.32
Trade Payables	34.78	-	34.78	31.75	-	31.75
Debt Securities	4,068.49	3,345.10	7,413.59	3,226.05	2,989.66	6,215.71
Borrowings (other than debt security)	36,770.10	25,745.75	62,515.85	22,621.85	17,777.79	40,399.64
Subordinated Liabilities	-	2,806.78	2,806.78	317.10	1,332.41	1,649.51
Lease liabilities	44.20	20.84	65.04	53.19	52.67	105.86
Other Financial liabilities	3,177.56	32.64	3,210.20	2,763.48	9.60	2,773.08
Non-financial Liabilities						
Provisions	175.06	-	175.06	81.86	-	81.86
Other non-financial liabilities	81.69	(0.00)	81.69	59.29	-	59.29
Total Liabilities	**44,351.88**	**31,951.11**	**76,302.99**	**29,183.89**	**22,162.13**	**51,346.02**
Net			**17,288.14**			**10,922.99**

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46: Change in liabilities arising from financing activities **(Rs. in millions)**

Particulars	As at April 01, 2023	Cash Flows	Others*	As at March 31, 2024
Debt Securities	6,215.71	1,207.50	(9.63)	7,413.59
Borrowings other than debt securities	40,399.64	22,184.87	(68.66)	62,515.85
Subordinated Liabilities	1,649.51	1,180.00	(22.73)	2,806.78
Lease Liabilities	105.86	(55.00)	14.18	65.04
Total liabilities from financing activities	**48,370.72**	**24,517.37**	**(86.84)**	**72,801.25**

Particulars	As at April 01, 2022	Cash Flows	Others*	As at March 31, 2023
Debt Securities	3,807.89	2,423.20	(15.38)	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
Lease Liabilities	106.39	(55.45)	54.92	105.86
Total liabilities from financing activities	**35,676.75**	**12,708.34**	**(14.37)**	**48,370.72**

* includes EIR adjustments and impact of fresh lease arrangements / lease termination.

47: Contingent liabilities, commitments and leasing arrangements

(A) Contingent Liabilities **(Rs. in millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
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	2.50
Income tax (AY 2022-23)	0.35	
Total	**108.96**	**108.61**

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. The company has filed an appeal before the "The Commissioner of Income tax (Appeals), which is pending

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. The company has filed an appeal before the "The Commissioner of Income tax (Appeals), which is pending

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), which is pending

For the Assessment year 2022-23, 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), which is pending.

Future cashflows in respect of the above four 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) Lease Disclosures

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

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at beginning of the year	**97.12**	**97.29**
Addition during the year	15.46	55.92
Depreciation charge for the year	(53.19)	(56.09)
Balance at end of the year	**59.39**	**97.12**

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Amounts recognised in statement of profit and loss (Rs. in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Interest on lease liabilities	8.59	11.02
Depreciation charged on right-of-use assets	53.19	56.09
Expenses relating to short-term leases of premises	70.21	30.47
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	14.34	1.64
Total	**146.33**	**99.22**

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

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Interest paid on Lease liabilities	8.59	11.02
Payment towards Lease liabilities	55.00	55.45
Total cash outflow for leases	**63.59**	**66.47**

Movement in Lease Labilities (Rs. in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at beginning of the year	**105.86**	**106.39**
Net Addition during the year	5.59	43.90
Interest on Lease Liabilities	8.59	11.02
Payment of Lease Liabilities	(55.00)	(55.45)
Balance at end of the year	**65.04**	**105.86**

Maturity analysis of lease liabilities (Rs. in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Less than one year	44.20	53.19
One to five years	20.84	52.67
More than five years	-	-
Total cash outflow for leases	**65.04**	**105.86**

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the lease of premises, the following factors are normally the most relevant:

(a) If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend and not terminate).

(b) If any lease hold improvements are expected to have a significant remaining value the Company is typically reasonably certain to extend (or not terminate).

(c) Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise it). The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. During the current financial year, there was no revision in the lease terms.

Extension and termination options

Extension and termination options are included in a number of property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations.

(C) Capital Commitments

(Rs. in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Estimated amount of contracts remaining to be executed on Capital account and not provided	1.32	-
Total cash outflow for leases	**1.32**	-

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48. Related Party Transactions for the year ended March 31, 2024

Key Management Personnel	1. Dr. (Mrs.) Kalpanaa Sankar (Managing Director) 2. Mr. K.B Balakumaran (Executive Director) 3. Mr. George Alexander (Non-Executive Director) 4. Mr. George Muthoot Jacob (Non-Executive Director) 5. Mr. Kuttickattu Rajappan Bijimon (Non-Executive Director) 6. Mr. David Arturo Paradiso (Non-Executive Director) upto May 09, 2023 7. Mr. Vijay Nallan Chakravarthi (Non-Executive Director) 8. Mr. Subramanian Ananthanarayanan (Independent Director) upto Dec 19, 2023 9. Mr. Vadakkakara Antony George (Independent Director) 10. Mr. Venkataraman Krishnamoorthy (Independent Director) 11. Mr. Chinnasamy Ganesan (Independent Director) 12. Mr. Mr. Siva Chidambaram Vadivel Alagan (Non-Executive Director) w.e.f May 09, 2023 13. Mrs. Rajeswari Karthigeyan (Independent Director) w.e.f Dec 19, 2023 14. Mr. L. Muralidharan (Chief Financial Officer) 15. 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 7. Sarvam Financial Inclusion Trust
Holding Company	Muthoot Finance Limited
Fellow Subsidiary	Muthoot Insurance Brokers Private Limited
Entities holding substantial interest in the Company	1. Maj Invest Financial Inclusion Fund II K/S 2. Arum Holdings limited (Part of Affirma Capital) 3. Augusta investments zero Private Limited (Part of Affirma Capital) w.e.f June 29, 2022
Relatives of Key Management Personnel of the company or the Holding company	1. Mrs. Anna alexander w.e.f March 31, 2023 2. Mr. George M George 3. Mr. George Alexander 4. Mrs. Sara George 5. Mr. George Jacob 6. Mr. George Thomas 7. Mrs. Susan Thomas w.e.f March 31, 2023 8. Mrs. Elizabeth Jacob w.e.f March 31, 2023 9. Mr. Alexander George 10. Mr. CV Sankar 11. Mrs. Bindu Dandapani

S. No	Name of the counterparty	Type of related party transaction	Value of transaction	
			Year ended March 31, 2024	Year ended March 31, 2023
1	Muthoot Finance Limited	Referral Fees	4.11	-
		Issue of Equity Shares	3,000.00	-
		Dividend Payment	16.70	8.30
2	Muthoot Insurance Brokers Private Limited	Loan Repaid	4.85	18.06
		Interest on Loan	0.11	1.75
		NCD Repaid	70.00	-
		Interest Payment - NCDs	2.81	8.40
3	Muthoot Securities Limited	Processing Fees on NCD	11.40	-
		NCD Receipt	333.00	-
		NCD Repaid	1.00	27.14
		Interest Payment - NCDs	36.88	29.08
		Marketing Commission	-	28.64
		Other Services	20.04	-
4	Muthoot Marketing Services Private Limited	NCD Repaid	-	24.86
		Interest Payment - NCDs	-	0.99
5	Hand in Hand Academy for Social Entrepreneurship	Consultancy Services fees paid	37.82	29.37
		Rent Paid	0.09	-
6	Hand in Hand Consulting Services Private Limited	Dividend Payment	0.20	0.10
7	Hand in Hand India	CSR expenses paid	18.00	16.43
8	Muthoot Vehicle and Asset Finance Limited	Loan Repaid	35.00	35.00
		Interest on Loan	1.57	4.82
9	Sarvam Financial Inclusion Trust	Dividend Payment	3.59	1.84
10	Maj Invest Financial Inclusion Fund II K/S	Dividend Payment	2.88	1.44
11	Arum Holdings limited	Issue of Equity Shares	-	350.00
		Dividend Payment	4.59	1.99
12	Augusta investments zero PTE Limited	Issue of Equity Shares	-	750.00
		Dividend Payment	1.32	-
13	Dr. (Mrs.) Kalpanaa Sankar (Managing Director)	Short term employee benefit	24.25	14.73
		Dividend Payment	0.03	0.01
14	Mr. K.B Balakumaran (Executive Director)	Short term employee benefit	4.15	3.28

S. No	Name of the counterparty	Type of related party transaction	Value of transaction	
			Year ended March 31, 2024	Year ended March 31, 2023
15	Mr. L. Muralidharan (Chief Financial Officer)	Short term employee benefit	8.47	7.39
16	Mr. Sunil Kumar Sahu (Company Secretary)	Short term employee benefit	2.66	2.00
17	Mr. George Alexander (Non-Executive Director)	Sitting fee	0.70	0.71
18	Mr. George Muthoot Jacob (Non-Executive Director)	Sitting fee	0.95	0.69
19	Mr. Kuttickattu Rajappan Bijimon (Non-Executive Director)	Sitting fee	1.30	0.98
20	Mr.Vijay Nallan Chakravarthi (Non-Executive Director)	Sitting fee	1.05	0.66
21	Mr. Subramanian Ananthanarayanan (Independent Director)	Sitting fee	0.95	1.18
22	Mr. Vadakkakara Antony George (Independent Director)	Sitting fee	1.10	1.10
23	Mr. Venkataraman Krishnamoorthy (Independent Director)	Sitting fee	1.40	1.17
24	Mr. Chinnasamy Ganesan (Independent Director)	Sitting fee	1.45	1.04
25	Mrs. Rajeswari Karthigeyan (Independent Director)	Sitting fee	0.20	-
26	Mr. George Alexander	NCD Receipt	100.00	-
		NCD Repaid	36.16	-
		Interest Payment - NCDs	27.01	11.60
27	Mr. George Jacob	NCD Receipt	100.00	-
		NCD Repaid	36.29	-
		Interest Payment - NCDs	27.03	11.60
28	Mr. George Thomas	NCD Receipt	217.00	-
		NCD Repaid	36.30	-
		Interest Payment - NCDs	27.04	11.60
29	Mr. George m george	NCD Receipt	75.00	-
		NCD Repaid	47.25	-
		Interest Payment - NCDs	12.77	-
30	Mr. Alexander George	NCD Receipt	75.00	-
		NCD Repaid	6.25	-
		Interest Payment - NCDs	5.50	-
31	Mrs. Sara george	NCD Repaid	84.00	-
		Interest Payment - NCDs	14.89	-
32	Mrs. Anna alexander	NCD Repaid	125.00	-
		Interest Payment - NCDs	22.15	-
33	Mrs. Elizabeth Jacob	NCD Repaid	125.00	-
		Interest Payment - NCDs	22.15	-
34	Mrs. Susan Thomas	NCD Repaid	125.00	-
		Interest Payment - NCDs	22.15	-
35	Mr. CV Sankar	Dividend Payment	0.00	0.00
36	Mrs. Bindu Dandapani	Dividend Payment	0.00	0.00
	TOTAL		**5,023.56**	**1,407.95**

S. No	Name of the counterparty	Type of related party transaction	As of March 31, 2024	As of March 31, 2023
	Receivables			
1	Muthoot Finance Limited	Referral Fees	2.13	-
2	Muthoot Securities Limited	Marketing Commission		0.70
3	Muthoot Securities Limited	Other Services	9.05	-
	Payables			
1	Muthoot Insurance Brokers Private Limited	Loan Outstanding	-	4.85
		NCD Outstanding	-	70.00
2	Muthoot Securities Limited	NCD Outstanding	300.00	201.00
3	Muthoot Vehicle and Asset Finance Limited	Loan Outstanding	-	35.00
4	Hand in Hand Academy for Social Entrepreneurship	Rent Payable	0.04	-
5	Mr. George Alexander	NCD Outstanding	309.98	80.00
6	Mr. George Jacob	NCD Outstanding	309.98	80.00
7	Mr. George Thomas	NCD Outstanding	310.05	80.00
8	Mrs. Sara George	NCD Outstanding	-	84.00
9	Mrs. Anna alexander	NCD Outstanding	-	125.00
10	Mr. George M George	NCD Outstanding	68.75	41.00
11	Mr. Alexander George	NCD Outstanding	68.75	-
12	Mrs. Susan Thomas	NCD Outstanding	-	125.00
13	Mrs. Elizabeth Jacob	NCD Outstanding	-	125.00

Note: 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.

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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, 2024	As at March 31, 2023
Common Equity Tier1 capital	15,436.28	9,620.89
Other Tier 2 capital instruments	2,478.19	791.09
Total capital	**17,914.47**	**10,411.98**
Risk weighted assets	**86,797.91**	**47,388.15**
Tier I CRAR	17.78%	20.30%
Tier II CRAR	2.86%	1.67%
Total capital ratio	20.64%	21.97%

50: Events after reporting date

Subsequent to the year end, the Company has filed the Draft Red Herring Prospectus dated May 3, 2024 with the Securities and Exchange Board of India, in connection with the proposed initial public offering of its equity shares comprising of a fresh Issue of equity shares by the Company aggregating up to ₹ 10,000 million and an offer for sale of equity shares by the selling shareholders aggregating up to ₹ 3,000 million.

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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 of financial instruments recorded at fair value **(Rs. in millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Assets measured at fair value on a recurring basis		
Financial assets at FVTPL		
Investments		
Level 1	-	-
Level 2	-	-
Level 3	-	528.64
Financial Liabilities at FVOCI		
Derivative Financial Instruments		
Level 1	-	-
Level 2	-	29.32
Level 3	-	-

Fair value technique

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. The methodology for arriving at the Net Asset Value (NAV) of SR's disclosed in Note No 9.1 is based on evaluating the recovery prospects of the assets in the trust. The relevant inputs used in this regard are the historical recovery data and the associated expected timelines for recovery. Since, as a matter of prudence, the company continues to consider the impact of notional provisioning rate had these loans continued in the books of the Company in determining the fair value of SR's as at March 31, 2024, in addition to the NAV impact as disclosed in Note No 9.1, the disclosure of the sensitivity of the fair value measurement to changes in unobservable inputs is not considered relevant.
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 measured at fair value:

(Rs. in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Financial assets at FVTPL		
Investments		
Fair value at beginning of the year	528.64	-
Purchase/ (Redemption)	-248.99	721.70
Transfers into Level 3	-	-
Transfers from Level 3	-	-
Net Fair Value Change (Refer Note 32 B)	-279.65	-193.06
Other Comprehensive Income	-	-
Fair value at end of the year	-	**528.64**

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	As at March 31, 2024		As at March 31, 2023	
			Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets not measured at fair value						
Cash and cash equivalents	6	1	6,943.00	6,943.00	12,812.45	12,812.45
Bank Balance other than above	7	1	394.95	394.95	448.80	448.80
Trade receivables	8	3	12.59	12.59	7.61	7.61
Loans	9	3	83,274.92	83,274.92	46,275.36	46,275.36
Other Financial assets	11	3	1,442.59	1,442.59	1,318.56	1,318.56
Total financial assets			**92,068.05**	**92,068.05**	**60,862.78**	**60,862.78**
Financial Liabilities not measured at fair value						
Trade Payables	19	3	34.78	34.78	31.75	31.75
Debt Securities	20	1/3	7,413.59	7,818.25	6,215.71	6,340.37
Borrowings (other than debt securities)	21	3	62,515.85	62,515.85	40,399.64	40,399.64
Subordinated Liabilities	22	3	2,806.78	2,806.78	1,649.51	1,649.51
Lease liabilities	47 B	3	65.04	65.04	105.86	105.86
Other Financial liabilities	23	3	3,210.20	3,210.20	2,773.08	2,773.08
Financial Liabilities			**76,046.23**	**76,450.89**	**51,175.55**	**51,300.21**

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

The figures disclosed above in respect of debt securities, borrowings and subordinated liabilities does not include interest accrued but not due on the same, which has been grouped under other Financial liabilities

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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 department 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.

52.1. 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, 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.

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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 material accounting policies Note 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 and all linked accounts	*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. The PD for stage III loan account is considered at 100%. Where a customer has one loan account in stage3 and one or more loan accounts in stage 1/ stage 2, the PD for all the loan accounts is considered at 100%.

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. As a matter of prudence, for all loan accounts with greater than 180 DPD, the LGD is taken as 100%.

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 Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. In line with Ind AS 109, the Company considers an exposure to have significantly increased in credit risk when the DPD is 30 or more.

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.

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52.2. 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	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Year-end	114.49%	97.86%
Maximum	115.66%	118.84%
Minimum	95.88%	97.86%
Average	109.82%	109.89%

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

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

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, 2024: **(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 (exl debt securities)	124.92	600.95	1,418.00	3,677.19	3,781.48	10,327.99	16,839.57	25,745.75	-	-	62,515.85
Debt securities	-	-	-	269.54	-	266.36	3,532.59	3,345.10	-	-	7,413.59
Subordinated debts	-	-	-	-	-	-	-	838.15	495.28	1,473.35	2,806.78
Total	**124.92**	**600.95**	**1,418.00**	**3,946.73**	**3,781.48**	**10,594.35**	**20,372.16**	**29,929.00**	**495.28**	**1,473.35**	**72,736.22**
Cash and bank balance	3,227.70	-	-	-	-	-	1.75	-	-	-	3,229.45
Deposits with Banks	413.55	1,700.00	1,600.00	-	-	0.11	128.05	266.78	-	-	4,108.50
Trade Receivables	-	-	-	12.59	-	-	-	-	-	-	12.59
Loans	250.15	1,276.14	2,431.93	4,285.13	4,345.75	13,190.36	25,465.78	31,974.54	46.28	8.86	83,274.92
Investments	-	-	-	-	-	-	-	-	-	-	-
Total	**3,891.40**	**2,976.14**	**4,031.93**	**4,297.72**	**4,345.75**	**13,190.47**	**25,595.58**	**32,241.32**	**46.28**	**8.86**	**90,625.46**

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 (exl debt securities)	262.75	339.14	1,197.26	1,517.15	2,330.06	6,025.24	10,950.25	17,777.79	-	-	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
Lease liabilities	-	-	-	-	-	-	-	-	-		
Total	**262.75**	**339.14**	**1,698.06**	**1,791.16**	**3,227.89**	**6,686.46**	**12,188.86**	**21,452.19**	**647.67**	**-**	**48,294.18**
Cash and bank balance	1,121.45	-	-	-	-	-	1.77	-	-	-	1,123.22
Deposits with Banks	2,116.76	3,512.50	5,845.00	216.74	-	57.61	84.84	293.85	12.50	-	12,139.80
Trade Receivables	-	-	7.61	-	-	-	-	-	-	-	7.61
Loans	172.64	760.84	1,213.54	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**	**13,806.85**	**18,934.36**	**342.15**	**0.06**	**60,074.63**

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI

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Notes forming part of the Ind AS Financial Statements
52.3. 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 last two years 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 this period. The impact of Covid-19 induced delinquency on the loan exposure has also tapered over the last two years. The company's gross exposure to loans restructured under the Covid restructuring framework as on March 31, 2024 - Rs.72.63 Million and as on March 31, 2023 - Rs. 443.40 Million against which provisions carried as on March 31, 2024 - 72.42 million, as on March 31, 2023 - 239.95 millions. .

52.4. 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:

52.4.1. 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, 2024.

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 2023-24	Effect on Statement of Profit and loss for the year 2022-23
0.50% increase	(312.58)	(202.00)
0.50% decrease	312.58	202.00

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52.4.2. 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.

52.4.3. 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, 2024	As at March 31, 2023
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 continuing hedges	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 instrument	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.

52.4.4. 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.

52.5. 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.

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Notes forming part of the Ind AS Financial Statements

53: Micro Enterprises and Small Enterprises

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 are given as follows: **(Rs. in millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Principal amount due	7.68	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	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Professional Fees	2.94	0.47
Dividend	8.79	3.42

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

54.2.

The unhedged Foreign currency exposure of the Company as on March 31, 2024 is Rs. Nil, as on March 31, 2023 is Rs. 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. Schedule to the Balance Sheet of a Non Banking Financial Company as required under Master Direction- Non banking Financial company Systematically important Non deposit Taking company and Deposit Taking company (Reserve Bank) Directions, 2016 as amended

(Rs. in millions)

S. No	Particulars	As at March 31, 2024		As at March 31, 2023	
		Amount Outstanding	Amount Over Due	Amount Outstanding	Amount Over Due
1	**Liabilities :** **Loans and advances availed by the NBFC inclusive of interest accrued thereon not paid:**				
(a)	Debentures & Preference shares				
	-Secured	3,398.72	-	6,582.65	-
	-Unsecured	7,008.13	-	1,400.55	-
	(Other than falling within the meaning of Public deposits)				
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	61,614.22	-	37,754.66	-
(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.)	1,249.87	-	250.02	-

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S. No	Particulars	As at March 31, 2024	As at March 31, 2023
	Assets		
2	**Breakup of Loans and Advances including Bills Receivables [Other than those included in (3) below] :**		
(a)	Secured	56.63	35.07
(b)	Unsecured (including Interest accrued and Loans to staff)	83,218.29	46,240.29
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

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, 2024			Net of provisions as at March 31, 2023		
		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	56.63	83,218.29	83,274.92	35.07	46,240.29	46,275.36
	Total	56.63	**83,218.29**	**83,274.92**	35.07	**46,240.29**	**46,275.36**

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6. Other Information **(Rs. in millions)**

Sno	Particulars		As at March 31, 2024	As at March 31, 2023
(i)	Gross Non-Performing Assets *	Related Parties	-	-
		Other than Related Parties	1,560.28	1,144.81
(ii)	Net Non-Performing Assets *	Related Parties	-	-
		Other than Related Parties	145.20	305.27
(iii)	Assets Acquired in Satisfaction Debt	Related Parties	-	-
		Other than Related Parties	-	-

*Assets classified as Stage 3 as per Ind AS Classification

56.2 Disclosure Pursuant to Reserve Bank of India Notification DNBR (PD) CC No. 002/03.10.001/2014-15 dt. 10 November 2014

1.'Provisions and Contingencies **(Rs. in millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss		
Provision towards non-performing assets*	2,351.73	1,939.75
Provision made towards income tax	1,458.06	48.16
Provision for gratuity	21.22	15.41
Provision for standard assets#	803.82	(500.85)
Provision for Other Financial Asset	15.34	7.77
Provision for other assets	28.81	(0.88)

* Represents impairment loss allowance on stage 3 loans.

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

2.'Movement of NPA **(Rs. in millions)**

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Net NPAs to net advances (%)	0.17%	0.66%
Movement of NPAs (Gross)		
(a) Opening balance	1,144.81	2,145.00
(b) Additions during the year	2,569.66	3,751.64
(c) Reductions during the year	2,154.19	4,751.83
Closing balance	**1,560.28**	**1,144.81**
Movement of Net NPAs		
(a) Opening balance	305.27	525.75
(b) Additions during the year	217.93	1,811.89
(c) Reductions during the year	378.00	2,032.37
Closing balance	**145.20**	**305.27**
Movement of provisions for receivables under financing activities		
(a) Opening balance	839.54	1,619.25
(b) Provisions made during the year	2,351.73	1,939.75
(c) Provision Write-off	1,776.19	2,719.46
Closing balance	1,415.08	839.54

3. Concentration of advances, exposures and NPAs:- **(Rs. in millions)**

Particulars	As at March 31, 2024	As at March 31, 2023
Concentration of Advances		
Total Advances to twenty largest borrowers	13.77	13.04
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.01%	0.03%
Concentration of Exposures		
Total Exposure to twenty largest borrowers / customers	13.77	13.04
Percentage of Exposures to twenty largest borrowers/customers to total exposure	0.01%	0.03%
Concentration of NPAs		
Total Exposure to top four NPA accounts	0.90	1.26

4. The Company does not finance the products of the parent / holding company.

5. 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 year ended March 31, 2024 and Year ended March 31, 2023

6. 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 previous 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- 52.4.3 " Disclosure of Effects of Hedge Accounting".

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7. Unsecured advances

Refer note 9 for details of unsecured advances

8. The Company is not registered with any other financial sector regulators.

9. No penalty has been imposed by RBI and other regulators during the year ended March 31, 2024 and Year ended March 31, 2023.

10. Drawdown from reserves

There has been no drawdown from reserves during the year ended March 31, 2024 (previous year: Nil).

11. Overseas Assets

The Company does not have any subsidiary/ Joint venture abroad.

12. Loan to Directors, Senior Officers and Relatives of Directors

There are no loans given to Directors, Senior Officers and relatives of Directors

13. Revenue recognition

There are no Instances where revenue recognition has been postponed pending the resolution of significant uncertainties

14. Channelizing Agent for schemes operated by Centra/State Government Agencies

The Company has not been engaged as Channelizing Agent for Schemes operated by Centra/State Government Agencies

15. Inter Group exposure

The Company has not given advances to Group companies as on March 31, 2024 (March 31,2023:- Nil)

16. Divergence in Asset classification and provisioning

There is no Divergence assessed by Reserve Bank of India

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

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

S.No	Particulars	As at March 31, 2024	As at March 31, 2023
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	12	2
2	Number of complaints received during the year	718	730
3	Number of complaints disposed during the year	708	720
3.1	Of which, number of complaints rejected by the NBFC	0	0
4	Number of complaints pending at the end of the year	22	12
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	32	7
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	32	6
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	0	1
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	0	0
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0

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
For the period ended March 31, 2024					
Wrong Mobile Number	2	182	-54%	5	0
Updation of Repayment Records / Digital Transactions	0	83	-22%	0	0
Employee Related	1	18	-72%	0	0
Recovery Practices / Employee Behaviour	1	89	22%	3	0
Insurance claim settlement	6	269	647%	8	0
Updation of CIR	0	45	45%	3	0
Others	2	32	33%	3	0
Total	**12**	**718**	**-2%**	**22**	**0**
For the Year ended March 31, 2023					
Wrong Mobile Number	0	394	11%	2	0
Updation of Repayment Records / Digital Transactions	0	107	16%	0	0
Employee Related	0	65	282%	1	0
Recovery Practices / Employee Behaviour	2	73	-3%	1	0
Insurance claim settlement	0	36	-41%	6	1
Updation of CIR	0	31	72%	0	0
Others	0	24	-35%	2	1
Total	**2**	**730**	**11%**	**12**	**2**

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2. Breach of covenants

The Company has been regular in serving all its borrowings though there has been breach of some of the covenants relating to borrowings. The company has intimated these breaches 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. Breaches for the year ended March 31, 2023 were predominantly due to impact of COVID Pandemic.

Number of facilities with instances of breach

Summary of Financial Covenants stipulated in respect of loan availed or debt securities issued	Year ended March 31, 2024			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Maximum threshold for GNPA Ratio	-	-	-	-
Maximum threshold for NNPA Ratio	-	-	-	-
Maximum threshold for AUM to Net worth Ratio	2	2	1	-
Maximum threshold for Portfolio At Risk (PAR) Accounts >30 Days	1	1	4	1
Maximum threshold for Portfolio At Risk (PAR) Accounts >90 Days	3	3	3	4

Summary of Financial Covenants stipulated in respect of loan availed or debt securities issued	Year ended March 31, 2023			
	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 AUM to Net worth Ratio	-	-	-	-
Maximum threshold for Portfolio At Risk (PAR) Accounts >30 Days	8	8	5	5
Maximum threshold for Portfolio At Risk (PAR) Accounts >90 Days	7	6	4	4

3. Exposure to Real Estate **(Rs. in millions)**

Sno	Category	As at March 31, 2024	As at March 31, 2023
A)	**Direct Exposure**		
(i)	**Residential Mortgages -**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	57.31	35.54
(ii)	**Commercial Real Estate -**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	-	-
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures -**		
a.	Residential	-	-
b.	Commercial Real Estate	-	-
B)	**Indirect Exposure**		
	Fund based and Non Fund based exposure on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
	Total Exposure to Real Estate Sector	57.31	35.54

4. The Company has no exposure to capital market directly or indirectly as of March 31, 2024 and March 31, 2023

5. Sectoral exposure **(Rs. in millions)**

Sno	Sectors	As at March 31, 2024			As at March 31, 2023		
		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 andAllied Activities	66,517.32	1,575.56	2.37%	38,849.03	837.69	2.16%
2	**Industry**						
	Production or Manufacturing	5,954.30	83.05	0.49%	1,453.95	20.91	0.22%
	Trade and Business	10,857.63	429.37	2.55%	8,044.54	267.56	2.82%
	Total of Industry	**16,811.93**	**512.42**	**3.05%**	**9,498.49**	**288.47**	**3.04%**
3	**Services**						
	Services	15,460.89	589.30	3.81%	12,399.14	399.68	3.22%
	Total of Services	**15,460.89**	**589.30**	**3.81%**	**12,399.14**	**399.68**	**3.22%**
4	**Personal Loans**						
	Others	1,437.41	18.20	1.27%	1,174.28	46.30	3.94%
	Total of Personal Loans	**1,437.41**	**18.20**	**1.27%**	**1,174.28**	**46.30**	**3.94%**
	Total	**100,227.55**	**2,695.48**	**2.69%**	**61,920.94**	**1,572.14**	**2.54%**

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

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

(i) Details of transfer through assignment in respect of loans not in default during the Year ended March 31, 2024

(Rs. in millions)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Count of Loan accounts Assigned (No. of Accounts)	594,535	821,949
Amount of Loan Account Assigned (In Mn)	19,948.73	21,116.59
Weighted average residual maturity (In Months)	16.07	15.37
Weighted average holding period of loans (In Months)	6.35	7.33
Retention of beneficial economic interest (MRR)	10%	10 % & 15 %
Coverage of tangible security coverage	Nil	Nil
Rating-wise distribution of rated loans	Retail Loans - NA	Retail Loans - NA

(ii) Details of stressed loans classified as NPA transferred to ARC

(Rs. in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
No: of accounts	-	123,681.00
Aggregate principal outstanding of loanstransferred	-	2,500.96
Weighted average residual tenor of the loans transferred (Months)	-	4.91
Net book value of loans transferred (at the time of transfer)	-	636.94
Aggregate consideration	-	830.00
Additional consideration realized in respect of accounts transferred in earlier years		-
Investment In Security Receipts	-	528.64

a) The Company has reversed Rs.193.06 Million Provision on account of the sale of Stressed Loan (Refer Note 9.1) for the year ended March 31, 2023

b) Details of Recovery Rating assigned for Security receipts is 'IND RR3' having implied recovery more than 50% and upto 75% (as on March 31, 2024 - Refer Note 9.1). The Carrying value of Security Receipts ("SRs") held by the Company as on March 31, 2024 is Rs.Nil (Gross book value - 472.71 Mn, Loss on fair value change - 472.71Mn.) and as on March 31, 2023 is Rs.528.64 million (Gross book value - 721.70 Mn, Loss on fair value change - 193.06 Mn.)

c) The Company has not transferred any stressed loans [(Special Mention Account (SMA) and Non- Performing Asset (NPAs)] during the year ended March 31, 2024.

(iii) The Company has not acquired any loans not in default or Stressed loans [Special Mention Account (SMA) and Non-performing Assets (NPAs)] during the Year ended March 31, 2024 and Year ended March 31, 2023.

56.5. 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, 2024 (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	83,026.38	540.76	82,485.62	728.17	-187.41
	Stage 2	1,024.65	380.55	644.10	13.82	366.73
Subtotal		**84,051.03**	**921.31**	**83,129.72**	**741.99**	**179.32**
Non-Performing asset (NPA)						
Substandard	Stage 3	1,560.28	1,415.08	145.20	481.08	934.00
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		1,560.28	1,415.08	145.20	481.08	934.00
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**	**83,026.38**	**540.76**	**82,485.62**	**728.17**	**-187.41**
	Stage 2	**1,024.65**	**380.55**	**644.10**	**13.82**	**366.73**
	Stage 3	**1,560.28**	**1,415.08**	**145.20**	**481.08**	**934.00**
	Total	**85,611.31**	**2,336.39**	**83,274.92**	**1,223.07**	**1,113.32**

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED CHENNAI 600 086

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

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 (Refer footnote 2)	Net Carrying Amount	Provisions required as per IRACP norms (Refer footnote 2)	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 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.

56.6. 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)

Sno	Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at end of the previous half-year	Of (A), aggregate debt that slipped into NPA during the half year ended	Of (A), amount written off during the half-year ended	Of (A), amount paid by the borrowers during the half year ended	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half year
1	Personal Loans	-	-	-	-	-
2	Corporate Persons	-	-	-	-	-
3	Of Which MSMEs	-	-	-	-	-
4	Others					
	For the period Apr 2022 to Sep 2022	2,852.61	1,468.16	-	730.78	432.96
	For the period Oct 2022 to Mar 2023	432.96	74.56	7.93	255.83	105.82
	For the period Apr 2023 to Sep 2023	105.82	10.22	18.70	64.81	13.77
	For the period Oct 2023 to Mar 2024	13.77	1.06	5.87	8.40	0.22

As of March 31, 2024, there were 10,109 borrower accounts having an aggregate exposure of Rs.48.23 Million

As of March 31, 2023 there were 11,336 accounts with aggregate exposure of Rs.58.90 Million,

where resolution plans had been implemented under RBI's Resolution Framework 1.0 dated August 6, 2020 and modified under RBI's Resolution Framework 2.0 dated May 5, 2021.

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

BELSTAR MICROFINANCE LIMITED CHENNAI 600 08

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

56.7. 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)

Particulars	As at March 31, 2024	As at March 31, 2023
Number of Significant Counterparties	21	23
Amount(Rs. In Million)	66,385.55	43,002.02
% of Total deposits	NA	NA
% of Total Liabilities	87.00%	83.75%

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 total liabilities..

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 March 31, 2024		As at March 31, 2023	
	Amount (Rs. In Million)	% of total Borrowings	Amount (Rs. In Million)	% of total Borrowings
Top 10 Borrowings	51,006.24	70.12%	33,236.90	68.83%

(iv) Funding Concentration based on significant instrument/product* **(Rs. In Million)**

Name of the instrument/product	As at March 31, 2024	% of Total Liabilities	As at March 31, 2023	% of Total Liabilities
Term Loans	62,515.85	81.93%	40,399.64	78.68%
Non-Convertible Debentures	7,413.59	9.72%	6,215.71	12.11%
Subordinate Debt	2,806.78	3.68%	1,649.51	3.21%

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.

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

(v) Stock Ratios

Particulars	As a % of Total Public Funds *	As a % of Total Liabilities *	As a % of Total Assets
Other short Term Liabilities *			
- As at March 31, 2024	60.98%	58.13%	47.39%
- As at March 31, 2023	60.47%	56.84%	46.87%

*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

(vi) 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.

VARMA & VARMA * CHENNAI * CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED * CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

(vii) 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.

(viii) 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 Million)

Sno	Particulars	Quarter March 31, 2024		Quarter December 31, 2023		Quarter September 30, 2023		Quarter June 30, 2023	
		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)
1	**Total High Quality Liquid Assets (HQLA)**								
a	Cash and bank balance	699.20	699.20	228.85	228.85	423.48	423.48	432.69	432.69
b	Marketable Securities	962.64	962.64	635.87	635.87	714.13	714.13	850.99	850.99
c	Unencumbered fixed deposit	3,092.95	3,092.95	3,498.42	3,498.42	3,639.11	3,639.11	5,607.58	5,607.58
		4,754.78	4,754.78	4,363.14	4,363.14	4,776.72	4,776.72	6,891.26	6,891.26
	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 exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	5,964.32	6,858.96	5,768.12	6,633.34	4,756.56	5,470.04	4,685.95	5,388.84
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	5,964.32	6,858.96	5,768.12	6,633.34	4,756.56	5,470.04	4,685.95	5,388.84
	Cash Inflows								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	7,318.88	5,144.22	6,546.82	4,910.11	5,713.99	4,102.53	5,328.24	3,996.18
11	Other cash inflows	-	-	-	-	-	-	-	-
12	**TOTAL CASH INFLOWS**	**7,318.88**	**5,144.22**	**6,546.82**	**4,910.11**	**5,713.99**	**4,102.53**	**5,328.24**	**3,996.18**
13	**TOTAL HQLA**		**4,754.78**		**4,363.14**		**4,776.72**		**6,891.26**
14	**TOTAL NET CASH OUTFLOWS**		**1,714.74**		**1,723.23**		**1,367.51**		**1,392.66**
15	**LIQUIDITY COVERAGE RATIO (%)**		277%		253%		349%		495%

(Rs. In Million)

Sno	Particulars	Quarter March 31, 2023 *		Quarter December 31, 2022 *		Quarter September 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)
1	**Total High Quality Liquid Assets (HQLA)**								
a	Cash and bank balance	1,123.21	1,123.21	931.98	931.98	1,249.17	1,249.17	927.11	927.11
b	Unencumbered fixed deposit	11,765.50	11,765.50	6,239.10	6,239.10	3,899.89	3,899.89	5,494.20	5,494.20
		12,888.71	12,888.71	7,171.08	7,171.08	5,149.06	5,149.06	6,421.31	6,421.31
	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 exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	5,092.92	5,856.86	4,456.94	5,125.48	2,991.69	3,440.44	2,857.47	3,286.09
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	5,092.92	5,856.86	4,456.94	5,125.48	2,991.69	3,440.44	2,857.47	3,286.09
	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**		**5,149.06**		**6,421.31**
14	**TOTAL NET CASH OUTFLOWS**		**3,875.05**		**3,217.82**		**1,627.75**		**1,616.65**
15	**LIQUIDITY COVERAGE RATIO (%)**		333%		223%		316%		397%

* - The Inflows and Outflows have been extracted from the Form DNBS4 filed by the company with Reserve Bank of India

57: Fraud

57.1 Disclosure of Frauds reported during the year to RBI vide DNBS PD.CC NO. 256 / 03.10.042 / 2012 -13 dated 2 March 2012:
(where the amount involved individually is more than 1 lakh)

(Rs. In Million)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Number of frauds reported during the year / period to Reserve Bank of India	3	1
Amount involved in such frauds	2.13	0.25

57.2 In addition to above, instances of Fraud where the amount involved is individually less than Rs. 1 lakh as as given below

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Number of frauds on the Company during the year	766	21
Amount involved in such frauds	36.42	0.46

58: Other Disclosures under Companies Act, 2013 (including Rules thereunder)

58.1 Proceedings under Benami Transactions (Prohibition) Act

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder in the year ended March 31, 2024 and year ended March 31, 2023.

58.2. Wilful Defaulter

The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in the period ended March 31, 2024 and year ended March 31, 2023.

58.3. Transactions with struck of companies

The Company does not have any transactions with companies whose names have been struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956

58.4. Registration of charges or satisfaction with Registrar of Companies (ROC)

There are no charges or satisfaction in relation to any debt / borrowings which were yet to be registered with ROC beyond the statutory period as at March 31, 2024 and as at March 31, 2023. However in respect of loan facility availed from three bankers wherein the necessary satisfaction of charge was pending to be registered beyond the statutory period from the date of repayment of loan as at Mar 31, 2024, the management is of the view that no disclosure in this regard is warranted since the necessary no due certificate from the concerned bankers were pending to be received.

58.5. Compliance with number of layers of companies

Not Applicable

58.6. Utilisation of Borrowed funds

No funds 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(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

58.7. Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual currency during the year ended March 31, 2024 and years ended March 31, 2023.

58.8. Compliance relating to Audit Trail on eccounting Software uses by the Company

The software used by the Company for maintaining its books of account mainly comprises of its financial accounting software, Loan Management System ("LMS") software and human resources management software (collectively referred to as "Accounting Software"), which operate under a SaaS model.

These Accounting Software used by the Company have a feature of recording audit trail (edit log) at the application level for each change made in the books of account along with the details of such changes made. The feature of audit trail (edit log) facility was operated throughout the year for all the transactions recorded in the Accounting Software and the same has not been tampered with during the year. In respect of the human resource management software that was used during the year, while the nature of change was captured, particulars of the exact change was not getting captured. The Company has since migrated to a new HRMS software effective from April 1, 2024.

The feature of recording audit trail (edit log) at database level was not enabled in these Accounting Software during the year. However, as confirmed by the relevant SaaS vendor, direct access to the database of the Accounting Software is available only to database administrators, for which access and monitoring controls are enabled and all such activities of the administrators have been logged and monitored throughout the year in accordance with the standard change management procedures ("Change Management SoPs") laid out by the said vendors in this regard. Also, no changes have been made to any transaction recorded in the books of account, directly at the database level during the year, except in accordance with the Change Management SoPs as stated above

The company has appropriate internal controls for its various process and non availability of audit trail at database level has no impact on the overall internal control environment.

58.9 There are no transactions which have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act 1961. Also, there are no previously unrecorded income and related assets which ere recognised in the current year.

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

BELSTAR MICROFINANCE LIMITED CHENNAI 600 083

BELSTAR MICROFINANCE LIMITED

Notes forming part of the Ind AS Financial Statements

59: Ratings assigned by credit rating agencies

Instrument	Rating agency	Rating/Grading	
		As at March 31, 2024	As at March 31, 2023
Long Term Bank Facilities	CRISIL	CRISIL AA / Stable	CRISIL AA-
Non-Convertible Debentures	CARE	CARE AA- / Stable	CARE AA-
Non-Convertible Debentures	CRISIL	CRISIL AA / Stable	CRISIL AA-
Subordinated Debts	CRISIL	CRISIL AA / Stable	
Subordinated Debts	ICRA		ICRA A+
Subordinated Debts	CARE	CARE AA- / Stable	CARE AA-
Market Linked Debenture	CRISIL	CRISIL PPMLD AA / Stable	CRISIL PPMLD AA -
Market Linked Debenture	ACUITE		ACUITE PPMLD AA/Stable

60: 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's Registration No. 004532S

P.R Prasanna Varma
Partner
M. No.025854
Place: Chennai
Date :May 9, 2024

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

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 CHENNAI 600 083