



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

NOTICE OF EXTRA ORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT FIRST EXTRA ORDINARY GENERAL MEETING OF THE MEMBERS OF BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED OR THE FY 2017-18 WILL BE HELD ON WEDNESDAY, 29TH NOVEMBER 2017 AT 11.30 A.M AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT OLD NO. 14, NEW NO. 33, 48TH STREET, 9TH AVENUE, ASHOK NAGAR, CHENNAI – 600 083, TO TRANSACT THE FOLLOWING SPECIAL BUSINESS:

SPECIAL BUSINESS:

1. Increase in Authorized Share Capital

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 61 of the Companies Act, 2013, and any other applicable provisions of the Companies Act, 2013, and any amendments thereto, and other applicable provisions and any rules framed there under, the Memorandum of Association and Articles of Association of the Company, the consent and approval of the members of the Company be and is hereby accorded to increase the Authorized Share Capital of the Company from existing Rs 25,00,00,000 (Rupees Twenty Five Crores Only) divided into 2,50,00,000 (Two Crore Fifty Lakh) Equity Shares of Rs.10/- (Rupees Ten) each, to Rs. 100,00,00,000 (Rupees Hundred Crores Only) comprising 6,90,00,000 (Six Crores Ninety Lakhs Only) Equity Shares of Rs. 10/- each and 3,10,00,000 (Three Crores Ten Lakhs Only) Preference Shares of Rs. 10/- each by creation of additional 4,40,00,000 (Four Crore forty lakhs) Equity Shares of Rs. 10/- each and 3,10,00,000 (Three Crores ten Lakhs Only) preference shares."

2. Alteration of Memorandum of Association

"To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to Section 13, 61, 64 and any other applicable provisions of the Companies Act, 2013, and all other applicable provisions, if any, of the Companies Act, 2013, the Memorandum of Association of the Company be altered by way of the deletion of existing Clause V of the Memorandum of Association of the Company and insertion of the below mentioned Clause V:

"V. *The Authorized Share Capital of the Company is Rs. 100,00,00,000 (Rupees One Hundred Crores Only) divided 6,90,00,000 (Six Crore Ninety Lakhs Only) Equity Shares of Rs. 10/- each and 3,10,00,000 (Three Crores Ten Lakhs Only) Preference Shares of Rs. 10/- each"*

3. Issue of Rated Non-Convertible Redeemable Cumulative Preference Shares (NCRCPs) on Private Placement Basis

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 42, 55 and 62 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 9 of the Companies (Share Capital and Debentures) Rules, 2014 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable rules, regulations and guidelines issued by the Securities and Exchange Board of India (SEBI) (to the extent applicable) or any other competent authorities from time to time

CIN No. : U06599TN1988PTC081652

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to the extent applicable and other applicable Rules, Regulations, Guidelines, Notification and Circulars made thereunder (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force) and in accordance with Memorandum and Articles of Association of the Company, and subject to the approvals, consents, permissions and/ or sanctions, as may be required from the Government of India (GOI), and any other relevant statutory, governmental authorities or departments, institutions or bodies and subject to necessary agreements with the concerned parties, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "**Board**") which terms shall be deemed to include any committee duly constituted by the Board or any committee, which the Board may hereafter constitute, to exercise one or more of its powers, including the powers conferred by this resolution), of the Company to invite/offer, issue, and allot up to 3,10,00,000 (Three Crore and Ten Lakh) Rated, Non-Convertible, Redeemable, Cumulative Preference Shares ("**NCRCPs**" or "**Preference Shares**") of face value of Rs.10/- (Rupees Ten only) each fully paid-up for cash at par at an issue price of Rs. 10/- (Rupees Ten only) aggregating to Rs 31,00,00,000 (Thirty One Crores only) by way of private placement through issue of offer document to identified investors (collectively called the "**Investors**") (as described and identified below) on the following terms and on such other terms and conditions as set out in the Explanatory Statement annexed hereto ("**Issue**"):

| [Name of the Investor] | Amount (Rs) |
|-------------------------------|-----------------------|
| UNIFI AIF | Up to Rs 25,00,00,000 |
| Dr. Georgie Kurien | Up to Rs 3,30,00,000 |
| Mrs. Valsa Kurien | Up to Rs 2,70,00,000 |

The Preference Shares shall be subject to the following terms and conditions:

- (a) The Preference Shares shall carry a preferential right to dividend to be determined by the Board. The dividend will be calculated pro-rata i.e. from the date of allotment of such Preference Shares;
- (b) The Preference Shares shall rank for dividend in priority to the equity shares for the time being of the Company;
- (c) The Preference Shares, in winding up, rank, as regards repayment of capital and arrears of dividend, whether declared or not, up to the commencement of the winding up, in priority to the equity shares;
- (d) The holders of the Preference Shares will not be entitled to participate in surplus funds nor in surplus assets and profits, on winding up which may remain after the entire capital has been repaid;
- (e) The holders of the Preference Shares shall have no option of conversion into equity shares of the Company;
- (f) The payment of dividend on the Preference Shares shall be cumulative.
- (g) The Preference Shares shall be compulsorily redeemable.
- (h) The voting rights of the persons holding the Preference Shares shall be in accordance with the provisions of Section 47 and other applicable provisions, if any, of the Companies Act, 2013;
- (i) The Preference Shares will be redeemed at such price, in one or more instalments on expiry of specified periods;

RESOLVED FURTHER THAT the Board/Securities Allotment Committee of Board of Directors be and hereby authorized to decide from time to time about tranches of allotment and to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary to giving effect to this resolution;

RESOLVED FURTHER THAT the Board be and is hereby delegate all or any of the powers herein conferred to any Committee of Directors or any Director(s) or executive(s)/officer(s) of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc. as may be necessary to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT the Company do hereby seek admission of the Rated, Non-Convertible, Redeemable, Cumulative Preference Shares, to be issued by the Company, to the depository system of National Securities Depository Limited and Central Depository Services (India) Limited to issue the Preference Shares in dematerialized form and enter into such agreements as may be required for the purposes of such dematerialization.

RESOLVED FURTHER THAT the Company do appoint Integrated Registry Management Services Private Limited., a SEBI registered category I registrars to issues and securities transfer agent, as the registrar and transfer agent (RTA) upon such terms and conditions as may be mutually agreed upon.

RESOLVED FURTHER THAT the Company do and hereby appoint CARE, a SEBI registered rating agency, for obtaining the ratings for issuance of Preference Shares.

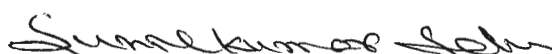
Notes:

1. **ALL THE MEMBERS ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT ANOTHER MEMBER OR ANY OTHER PERSON, AS PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. THE PROXIES TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. In case of Corporate Shareholders proposing to participate at the meeting through their representative, necessary authorization under Section 113 of the Companies Act, 2013 for such representation may please be forwarded to the Company.
3. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, is given below and forms part of this notice.
4. The relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company during normal business hours on all working days up to the date of the EGM
5. Route Map along with landmark to the venue of the Meeting is annexed and forms part of the notice.

Place: Chennai

Date :23/11/2017

By Order of the Board of Directors
For Belstar Investment and Finance Private Limited



Sunil Kumar Sahu
Company Secretary



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ANNEXED TO THE NOTICE OF THE FIRST GENERAL MEETING OF THE MEMBERS OF THE COMPANY FOR THE FY 2017-18

IN RESPECT OF ITEM NO. 2

In view of the increase in Authorized Share Capital of the Company from Rs. 25,00,00,000 (Rupees Twenty Five Crores Only) to Rs. 100,00,00,000 (Rupees Hundred Crores Only), the existing 'Clause V' of the Memorandum of Association is being amended to give effect to the increase in authorized capital.

The Board recommends the resolution no. 2 for the approval of members as a Special resolution.

None of the Directors of the Company or their respective relatives /KMPS are, in any way, concerned or interested, financially or otherwise in this resolution.

IN RESPECT OF ITEM NO. 3

In order to augment long term resources for implementing future growth plans, it is proposed to issue rated, non-convertible, redeemable, cumulative preference shares ("**NCRCPS**" or "**Preference Shares**") of the Company for any one or more of the following purposes: (a) general corporate purposes (b) augmenting long term finance for funding growth and capital expenditure (c) funding capital requirements in any form (d) working capital requirements and (e) pre-payment/ repayment of debt. The provisions of the Companies Act, 2013 require the Company to seek approval of the members for issue of preference shares on private placement.

Section 62 of the Companies Act, 2013, read with the Companies (Share Capital & Debentures) Rules, 2014, provides, inter alia, that whenever it is proposed to increase the subscribed capital of a company by issue of further shares, such shares may be offered to any persons, whether or not those persons are holders of the equity shares of the company or employees of the company, if authorized by way of a special resolution. Furthermore, as per Section 42 of the Companies Act, 2013, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, framed thereunder, a company offering or making an invitation to subscribe to securities, including Rated, Non-Convertible, Redeemable, Cumulative Preference Shares on a private placement basis, is required to obtain the prior approval of the shareholders by way of a special resolution, for each of the offers and invitations. The approval of the members is accordingly being sought by way of a special resolution under Sections 42, 55 and 62 of the Companies Act, 2013, read with the rules made thereunder, for the issue of the Preference Shares aggregating an amount not exceeding Rs. 31,00,00,000 and to offer and allot the Preference Shares on a private placement basis on the terms and conditions set out hereunder.

Given below is a statement of disclosures as required under Rule 9(3) of the Companies (Share Capital and Debentures) Rules, 2014 and the terms of issue of the Preference Shares:

- (i) Number of Preference Shares: 3,10,00,000 each having a face value of Rs. 10 (Rupees Ten)
- (ii) Nature of Shares: Cumulative; Non Participating; Non-Convertible

- (iii) Objectives of the issue : For (a) general corporate purposes (b) augmenting long term finance for funding growth and capital expenditure (c) funding capital requirements in any form (d) working capital requirements and (e) pre-payment/ repayment of debt.
- (iv) Manner of Issue: Private Placement by offer to identified investors
- (v) Price of each Preference Share: Rs. 10/-
- (vi) Basis on which the price has been arrived at: Not applicable as Shares are being issued at par.
- (vii) Terms of Issue:

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| Issuance Mode | In demat mode only |
| Trading Mode | In demat mode only |
| Security Name | 10.25% BIFPL NCRCPs 2019 |
| Rate of Dividend | 10.25% on the Issue Price of NCRCPs -In case the Call Option is exercised else 10.50% on the Issue Price of NCRCPs |
| Yield (XIRR) | 10.25% on the Issue Price of NCRCPs -In case the Call Option is exercised else 10.50% on the Issue Price of NCRCPs |
| Premium on Issue | Nil |
| Minimum Application | 1000 (Thousand) NCRCPs and in multiples of 100 (Hundred) NCRCPs thereafter |
| Tenor | 548 (Five Hundred and Forty Seven) days from the Deemed Date of Allotment |
| Put Option | Not Applicable |
| Call Option | At the end of 293 days from Deemed Date of Allotment |
| Put Option Date | Not Applicable |
| Call Option Date | At the end of 293 days from Deemed Date of Allotment |
| Put Option Notification Time | Not Applicable |
| Call Option Notification Time | 30 (Thirty Days) prior to the exercise date |
| Dividend Type | Cumulative |
| Listing | Unlisted |
| Negative Covenants | <p>The Issuer undertakes that for so long as the NCRCPs are outstanding, the Issuer shall not undertake any of the following activities without having procured the prior written approval of [●]:</p> <ol style="list-style-type: none"> 1. Wind up, liquidate or dissolve its affairs unless such liquidation takes place in connection with a merger, consolidation or any other form of combination of the Issuer with another company and the resulting entity or company assumes all obligations of the Issuer with respect to the NCRCPs; 2. Make any amendment in Transaction Documents relating to the NCRCPs in a manner which may adversely affect the rights of the holder(s) of NCRCPs in any manner; |

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| | <p>3. Enter into any compromise or arrangement or settlement generally with the secured or unsecured creditors of the Issuer which may adversely affect the rights of the holder(s) of the NCRCPs in any manner;</p> |
| Financial Covenants | <p>1. The Capital Adequacy Ratio of the Issuer (as defined in the RBI guidelines for NBFC-MFIs) should be in line with applicable RBI Guidelines (presently at 15%)</p> <p>2. The sum of free reserves including securities premium and proceeds from fresh equity raised (after the Deemed Date of Allotment) at any point of time (measured from December 31, 2017), must exceed 1.10 times the outstanding amount of non-convertible redeemable preference shares issued by the Issuer and the dividend payouts under such non-convertible redeemable preference shares.</p> <p>3. Unaudited or audited Financial Statements of the company, as applicable, to be made available within 60 (Sixty) days from the end of every quarter.</p> <p>4. Other points of information such as AUM, portfolio delinquency, capital adequacy and leverage ratios to be submitted within 60 (Sixty) days from the quarter end date.</p> |
| Additional Covenants | <p>(a) Delay/Default in payment of Dividend Amount: In the event of delay/default in the payment of Dividend on the due date(s), the Issuer shall pay additional Dividend at the rate of 1.00% p.a. over the Rate of Dividend on the face value of NCRCPs for the delayed period i.e. the period commencing from and including the date on which such amount becomes due and up to but excluding the date on which such amount is actually paid.</p> <p>(b) Delay/Default in payment of Redemption Amount: In the event of delay/default in payment of Redemption Amount on the due date(s), the Issuer shall pay additional Dividend at the rate of 1.00% p.a. over the Rate of Dividend on the face value of the NCRCPs, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and upto but excluding the date on which such amount is actually paid.</p> <p>(c) issuer would seek no objection certificate (NOC) from holders of NCRCPs for issuing any further NCRCPs redeemable in the period from 1st April 2018 till redemption date, provided that the NOC will not be unreasonably withheld. Provided further, that the Issuer will not seek the NOC if the ratio of the sum of free reserves including securities premium and proceeds from fresh equity raised (after the Deemed Date of Allotment) to the outstanding amount of NCRCPs issued by the Issuer and the dividend pay-outs under such NCRCPs and the proposed fresh issuance of NCRCPs exceeds 2.0x</p> |
| Day Count Basis | <p>Actual/Actual basis</p> <p>All Dividend, penal amounts, interest on application money, delay/default interest shall be computed on an actual/actual basis.</p> |

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| | Where the period for which such amounts are calculated (start date to end date) includes February 29, Dividend shall be computed on a 366 days-a-year basis. |
| Interest on Application Money | <p>(a) In respect of Investors who get Allotment of NCRCPs in the Issue, interest on Application Money shall be payable at the Rate of Dividend (subject to deduction of income tax under statutory modification or re-enactment thereof, as applicable) on the aggregate Face Value amount of NCRCPs for the period starting from and including the date of realization of Application Money in Issuer's Bank Account upto but excluding the Deemed Date of Allotment. Such interest on Application Money shall be paid by the Issuer to the relevant Applications within 15 days from the Deemed Date of Allotment.</p> <p>(b) No interest on Application Money will be payable in respect of applications which are invalid and rejected for not being in accordance with the terms of the Private Placement Offer Letter.</p> |
| Interest on Refund Amount (excluding valid rejections) | Interest on refund amount shall be payable at the Yield (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) on the aggregate Face Value amount of CNCRPS (excluding the valid rejections) for the period starting from and including the date of realization of Application Money in Issuer's Bank Account upto but excluding the Deemed Date of Allotment. If any application has been rejected on account of the said application not being in accordance with the terms of the Disclosure Document, then the relevant Applicant will not be entitled to any interest on the amounts refunded to the said Applicant. The refund amount as well as the interest on the refund amount, as applicable, shall be paid by the Issuer to the unsuccessful Applicants within 7 days from the Deemed Date of Allotment. |
| Depositories | National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") |
| Registrar | Integrated Enterprises (India) Private Limited |
| Governing Law and Jurisdiction | The NCRCPs are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the exclusive jurisdiction of the courts and tribunals at the city of Chennai. |
| Due Date | The date on which the CNCRPS are to be redeemed or any date on which the Dividend is due and payable to the holders of the CNCRPS |
| Record Date | 3 calendar days prior to each Dividend Payment Date and Redemption Date |
| Business Days/Working Days | Business Days/Working Days shall be all days (excluding Saturdays, Sundays and public holidays) on which commercial banks are open |

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| | <p>for business in the city of Chennai Mumbai, and Delhi except with reference to Issue Schedule and Record Date, where Business Days/Working Days shall mean all days, excluding Saturdays, Sundays and public holidays in Mumbai or at any other payment center notified in terms of the Negotiable Instruments Act, 1881.</p> |
| <p>Business Day Convention</p> | <p>If any Dividend Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day without any obligations for paying interest/dividend for the intervening period.</p> <p>If the Redemption Date falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately preceding Business Day along with Dividend accrued on the NCRCPs upto but excluding the date of such payment.</p> <p>In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered the Record Date.</p> |
| <p>Rights of the holder(s) of NCRCPs</p> | <p>In pursuance of sub-section (2) of section 47 of the Companies Act, 2013, every member of the Company holding NCRCPs shall, in respect of such capital, have a right to vote only on resolutions placed before the Company which directly affect the rights attached to his NCRCPs and, any resolution for the winding up of the Company or for the repayment or reduction of its equity or preference share capital and his voting right on a poll shall be in proportion to his share in the paid-up preference share capital of the Company. Provided that the proportion of the voting rights of equity shareholders to the voting rights of the holders of NCRCPs shall be in the same proportion as the paid-up capital in respect of the equity shares bears to the paid-up capital in respect of the NCRCPs. However in case where the dividend in respect of the NCRCPs have not been paid for a period of two years or more, such holder(s) of NCRCPs shall have a right to vote on all the resolutions placed before the Company.</p> <p>In pursuance of sub-section (6) of section 230 of the Companies Act, 2013, where, at a meeting, held in pursuance of sub-section (1), majority of persons representing three-fourths in value of the creditors, or class of creditors or members or class of members, as the case may be, voting in person or by proxy or by postal ballot, agree to any compromise or arrangement and if such compromise or arrangement is sanctioned by the Tribunal by an order, the same shall be binding on the Company, all the creditors, or class of creditors or members or class of members, as the case may be, or,</p> |

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| | <p>in case if the Company is being wound up, on the liquidator and the contributories of the Company.</p> <p>In pursuance of sub-section (7) of section 230 of the Companies Act, 2013, an order made by the Tribunal under sub-section (6) shall provide for (a) where the compromise or arrangement provides for conversion of NCRCPs into equity shares, such holders of NCRCPs shall be given an option to either obtain arrears of dividend in cash or accept equity shares equal to the value of the dividend payable or (b) if the compromise or arrangement results in the variation of the shareholders' rights, it shall be given effect to under the provisions of section 48 of the Companies Act, 2013.</p> <p>In pursuance of sub-section (1) of section 230 of the Companies Act, 2013, where a compromise or arrangement (including a reorganisation of the company's share capital by the consolidation of shares of different classes or by the division of shares into shares of different classes, or by both of the methods) is proposed (a) between a company and its creditors or any class of them; or (b) between a company and its members or any class of them, the Tribunal may, on the application of the company or of any creditor or member of the company, or in the case of a company which is being wound up, of the liquidator, order a meeting of the creditors or class of creditors, or of the members or class of members, as the case may be, to be called, held and conducted in such manner as the Tribunal directs.</p> |
| <p>Declaration of Dividend/Dividend Policy</p> | <p>In pursuance of section 123 of the Companies Act, 2013:</p> <ol style="list-style-type: none"> a) No dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation and remaining undistributed, or out of both. b) The Company may, before the declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the Company, provided that where, owing to inadequacy or absence of profits in any financial year, the Company proposes to declare dividend out of the accumulated profits earned by it in previous years and transferred by the Company to the reserves, such declaration of dividend shall not be made except in accordance with such rules prescribed in this behalf, provided further that no dividend shall be declared or paid by the Company from its reserves other than free reserves. |

- c) The Board of Directors of the Company may declare interim dividend during any financial year out of the surplus in the profit and loss account and out of profits of the financial year in which such interim dividend is sought to be declared, provided that in case the Company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the company during the immediately preceding three financial years.
- d) As per provisions of the Companies Act, 2013, the Issuer can pay dividends on recommendation by its Board of Directors and approval by majority of its shareholders at the Annual General Meeting. The Articles of Association of the Company also give the Board of Directors, the discretion to declare and pay interim dividends without shareholders' approval at an annual general meeting.

The declaration and payment of dividend shall be governed by the applicable provisions of the Companies Act, 2013 and the Articles of Association of the Issuer and would depend on a number of other factors, including the performance, financial results, capital requirements and availability of surplus, contractual restrictions of the Issuer and other factors considered relevant by the Board of Directors of the Company. The Issuer has not been prohibited or restricted from payment of dividends by virtue of any default of its contractual obligations or otherwise.

The Issuer shall pay dividend to the holder(s) of NCRCPs in accordance with the terms of this Issue and applicable laws. In the event the dividend is not paid in a particular year, the same shall be accumulated and paid along with the dividend payout in the next year.

To the extent permissible under applicable laws, if there are no profits or general reserves available at the Company's disposal to declare dividend, which is required to be paid in respect of the NCRCPs on the Redemption Date, then an amount equal to the sum of: (i) all accrued and unpaid dividends due in respect of the NCRCPs; and (ii) dividend due on the NCRCPs on the last due date; shall be paid to the holders of NCRCPs along with the Redemption Amount. Once the NCRCPs are redeemed, the holders of NCRCPs will have no further claims for the accrued but unpaid dividend.

In pursuance of rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014, in the event of inadequacy or absence of

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| | <p>profits in any year, the Company may declare dividend out of free reserves subject to the fulfilment of the following conditions:</p> <ol style="list-style-type: none"> a) The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year, provided that this sub-rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial year. b) The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid-up share capital and free reserves as appearing in the latest audited financial statement. c) The amount so drawn shall first be utilised to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared. d) The balance of reserves after such withdrawal shall not fall below 15% of its paid up share capital as appearing in the latest audited financial statement. e) The Company shall not declare dividend unless carried over previous losses and depreciation not provided in previous year are set off against profit of the Company of the current year the loss or depreciation, whichever is less, in previous years is set off against the profit of the Company for the year for which dividend is declared or paid. |
| <p>Transaction Documents</p> | <p>The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue:</p> <ol style="list-style-type: none"> 1. Rating letter and rating rationale from the Rating Agency; 2. Disclosure Document setting out the terms upon which the CNCRPS shall be issued; 3. Preference share subscription agreement |
| <p>Conditions Precedent to subscription of CNCRPS</p> | <p>The subscription from the Applicants shall be accepted for allocation and precedent to subscription of CNCRPS allotment by the Issuer subject to the following:</p> <ol style="list-style-type: none"> 1. Rating letter from the Rating Agency not being more than one month old from the Issue Opening Date; 2. Rating Rationale from the Rating Agency to be made available to the investors. |
| <p>Conditions Subsequent to subscription of CNCRPS</p> | <p>The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned herein:</p> <ol style="list-style-type: none"> 1. Credit of demat account(s) of the Allottee(s) by number of (CNCRPS) allotted within 15 Business Days from the Deemed Date of Allotment. 2. Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned in the Disclosure Document. |

Proposed Dividend Payment Mechanism:

In case the Call Option is exercised.

| Dividend Payment Date and Redemption/Maturity Date | Dividend for the Period | | Number of Days | Day Count Convention | Payment made and received by the holders of NCRCPs (Rs.) |
|--|-------------------------|---------------------|----------------|----------------------|--|
| | From and including | Up to and including | | | |
| 29-Nov-17 | | | | | - 31,00,00,000 |
| 18-Sep-18 | 29-Nov-17 | 18-Sept-18 | 293 | 365 | 33,52,59,180 |
| XIRR | | | | | 10.25% |

In case the Call Option is NOT exercised.

| Dividend Payment Date and Redemption/Maturity Date | Dividend for the Period | | Number of Days | Day Count Convention | Payment made and received by the holders of NCRCPs (Rs.) |
|--|-------------------------|---------------------|----------------|----------------------|--|
| | From and including | Up to and including | | | |
| 29-Nov-17 | | | | | - 31,00,00,000 |
| 18-Sep-18 | 29-Nov-17 | 18-Sept-18 | 293 | 365 | 2,52,59,180 |
| 31-May-19 | 19-Sept-18 | 31-May-18 | 255 | 365 | 33,,30,50,281 |
| XIRR | | | | | 10.50% |

- All amounts above are net of any dividend distribution tax. If any dividend distribution tax is applicable on the above payments, the Issuer must gross up the Dividend such that the above amounts are received by the Investor. The issuer will protect the post-tax XIRR of 10.50% (10.25%, in case the Call Option is exercised) in preference dividends received by the investors from any change in regulations pertaining to taxation of all preference dividends without exception in the hands of investors, such that the pre-tax cost of dividend rate, and applicable corporate tax for that financial year to the issuer is maintained. However, change in regulations that doesn't impact all categories of investors will not be considered by the Issuer for maintaining the XIRR as aforesaid.
- If the Dividend Payment Dates are different from the dates stated above, the Dividend shall be calculated such that the Investor's Yield is maintained at the time of each payout. However, the last Dividend Payment Date must coincide with the Redemption Date.

(viii) Terms of Redemption; Manner and Mode of Redemption:

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| Redemption | <p>At the end of 293 (Two Hundred and Ninety-three) days from the Deemed Date of Allotment in case the Call Option is exercised.</p> <p>At the end of 548 (Five Hundred and Forty-Eight) days from the Deemed Date of Allotment in case the Call Option is not exercised.</p> |
| Redemption Date | May 31, 2019 |
| Settlement Mode | Settlement by way of RTGS/Fund Transfer or any other electronic mode offered by Banks. |
| Redemption Premium | Not Applicable |
| Redemption Amount | Face Value amount of Rs. 10 per NCRCPs plus any Dividend accrued but not paid on any previous Dividend Payment Date(s) as well as the Dividend accrued upto the Redemption Date. |
| Transfer | The NCRCPs shall be freely transferable subject to guidelines laid down by SEBI, RBI, the Depositories, Memorandum and Articles of Association of the Issuer. |
| Mode of Redemption | <p>In pursuance of sub-rule (6) of rule 9 of the Companies (Share Capital & Debentures) Rules, 2014, the Company shall redeem the NCRCPs as per terms specified in the Private Placement Offer Letter or as varied after due approval of holder(s) of the NCRCPs under section 48 of the Companies Act, 2013.</p> <p>In pursuance of section 55 of the Companies Act, 2013, the NCRCPs shall be redeemed out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of such redemption.</p> |
| Capital Redemption Reserve | In pursuance of section 55 of the Companies Act, 2013, in the event that the Issuer decides to redeem the NCRCPs otherwise than out of proceeds realized from issuance of fresh shares, i.e. out of the profits of the Company which would otherwise be available for dividend, the Company shall, out of such profits, transfer a sum equal to |

| | |
|--|---|
| | <p>the nominal amount of the NCRCPs to be redeemed, to the Capital Redemption Reserve Account, and the provisions of the Companies Act, 2013 relating to reduction of share capital of the Company shall apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.</p> <p>The Capital Redemption Reserve Account may also be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.</p> |
|--|---|

(ix) Current Shareholding Pattern of the Company:

| Sl. No. | Particulars/Category | No. of Shares | | Percentage (%) |
|--------------|--|--------------------|---------------------|----------------|
| 1 | DR KALPANA SANKAR | 4,02,674 | 40,26,740 | 1.73 |
| 2 | Mr. CV SANKAR | 100 | 1,000 | 0.00 |
| 3 | MS D BINDHU | 38,842 | 3,88,420 | 0.17 |
| 4 | MS KAMINI DHANDAPANI | 32,367 | 3,23,670 | 0.14 |
| 5 | SARVAM FINANCIAL INCLUSION TRUST | 73,25,654 | 7,32,56,540 | 31.51 |
| 6 | HAND IN HAND CONSULTING SERVICES PRIVATE LIMITED | 4,29,472 | 42,94,720 | 1.85 |
| 7 | MUTHOOT FINANCE LIMITED | 1,50,17,459 | 15,01,74,590 | 64.60 |
| Total | | 2,32,46,568 | 23,24,65,680 | 100.00 |

(x) Expected Dilution due to Issue: As the NCRCPs are non-convertible, there will be no dilution in equity shares of the Company.

The Board recommends the resolution no. 3 for the approval of members as an Special resolution

None of the Directors of the Company or their respective relatives/KMPs are, in any way, concerned or interested, financially or otherwise in this resolution.

Place: Chennai

Date :23/11/2017

**By Order of the Board of Directors
For Belstar Investment and Finance Private Limited**

Sunil Kumar Sahu

**Sunil Kumar Sahu
Company Secretary**

