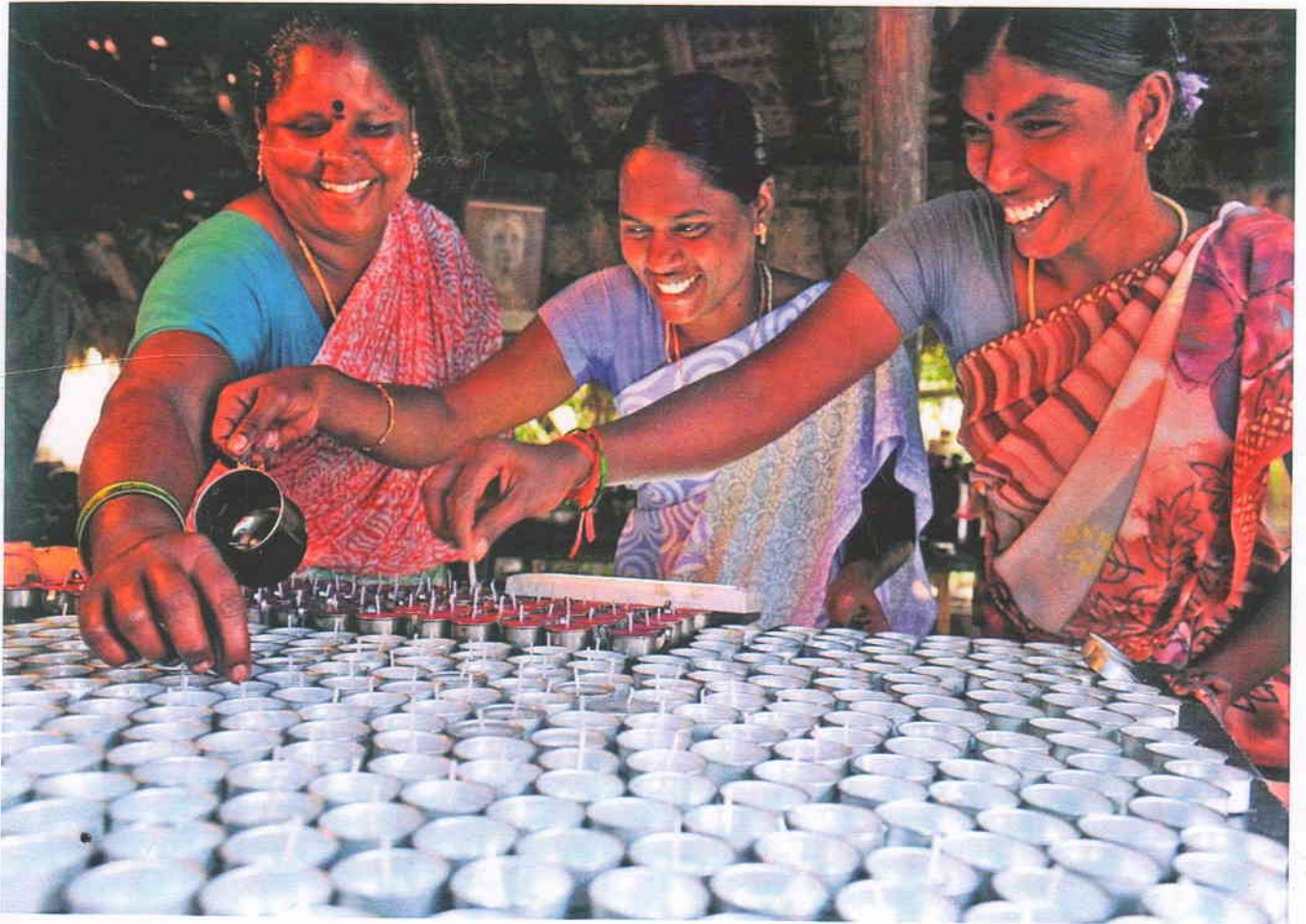




Belstar Investment and Finance Private Limited



ANNUAL REPORT 2014 - 15



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Dear Members,

Your Directors have great pleasure in presenting the Report of the Board of Directors of your Company together with the Audited Balance Sheet of the Company as at March 31, 2015 and the Statement of Income and Expenditure Account for the year ended as on that date and the Auditor's Report thereon.

Financial Results:

Particulars	INR Million	
	FY 2014-15	FY 2013-14
Operating & Other Income	364.78	253.21
Profit / (Loss) for the year before Taxation	45.31	38.49
Less: Tax Expense	15.31	12.43
Profit / (Loss) for the year after Taxation	29.99	26.06
Transferred to Statutory Reserve	6.00	5.21
Profit / (Loss) for the year after Transfer to Statutory Reserve	23.99	20.85
Balance brought forward from previous years	23.57	2.72
Profit / (Loss) transferred to Balance Sheet	47.56	23.57
Earnings per share (INR per share)	2.09	2.19

Dividend

Considering the Capital adequacy requirements in view of the expansion plans, your Company wants to plough back its profits. Hence your directors do not recommend any dividend for the year ended March 31, 2015.

Operational Highlights

The year under review had been a remarkable year for the Company. Your Directors are pleased to report your Company's Gross Loan Portfolio (GLP) has crossed a milestone of INR 2 Billion and concluded FY 2014-15 with an asset base of INR 2.04 Billion as at March 31, 2015. The Gross Loan Portfolio (GLP) witnessed a 65% growth over that of the last financial year. Your Company has also launched operations under the Joint Liability Group (JLG) methodology in the State of Maharashtra effective January 2015 and 3 new branches have been opened in Pune district that boasts of an asset base of INR 12.97 Million as at March 31, 2015.

The year under review continued to be a year of growth with your Company registering a pre-tax profit of INR 45.31 Million. Your Company was able to mobilize debt to the tune of INR 1.77 Billion during the year though the Banks and Financial institutions predominantly opened up the funding channels in the third and fourth quarters of FY 2014-15.

Management Discussion and Analysis

The detailed analysis of the operational performance of the Company during the year under review, the state of affairs and the key changes in the operating environment has been provided in the Management Discussion and Analysis report which forms part of this report.

CIN No. : U06599TN1988PTC081652

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Phone : +91 - 44 - 45544024 / 25 / 26, www.belstar.in





BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Events subsequent to the date of financial statements

Effective 01st May 2015, the Company shifted its Registered Office from No.11 C, Rathinammal Street, Rangarajapuram, Kodambakkam, Chennai – 600 024 to Old No.14, New No.33, 48th Street, 09th Avenue, Ashok Nagar, Chennai – 600 083

Except the above, there have been no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

Change in nature of business

There was no change in the nature of business of the Company during the financial year. The Company continues to create a niche for itself in the Indian Microfinance space.

Micro Finance Grading

Your Directors are happy to inform you that your Company has obtained a grading score of **MFI 2** from CARE. Grading is assigned on an eight point scale with “MFI 1” being the highest and “MFI 5” being the lowest.

Bank Loan Rating

Your Directors are happy to inform you that your Company has also received a Bank loan rating of **CARE BBB-** for the year under review. Having obtained an investment grade rating, your Company is hopeful of upgrading its rating in the coming years.

Social and Environment Management System (SEMS) plan

With its continuing commitment to Social Performance and Responsible Financing, your Company strives to focus on the double bottom lines i.e. financial bottom line and social bottom line to improve the living standards of the people at the bottom of the pyramid through financial inclusion. Your Company follows the Social Performance standards reporting format developed by MIX (Micro Finance Information Exchange).

Directors

Dr. Kalpana Sankar was re-appointed as Managing Director of the Company for a period of five years with effect from April 01, 2014.

The present composition of the Board of Directors is as under:

Promoter – Nominee Directors:

1. Dr. Kalpana Sankar, Managing Director

Dr. Kalpana Sankar is a double doctorate in theoretical nuclear physics and women’s development and holds an Executive MBA from TRIUM. She has over two decades of experience in microfinance





BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

in Tamil Nadu and has been a consultant with UNOPS, UNDP, Christian Aid, and Wetlands International on gender and microfinance issues. She was working as Key Person in Tamil Nadu Women Development Corporation, Government of Tamil Nadu. She is also the Chairperson and Managing Trustee of Hand in Hand India.

2. Mr. L. Muralidharan

Mr. L. Muralidharan has over 15 years of post-qualification experience in Corporate Finance, Statutory, Internal and Management Audit of large public sector undertakings. Prior to joining Hand in Hand India, he worked with IFMR Trust as VP- Finance and with Emirates Trading Agency LLC in Dubai in their Corporate Affairs division. Mr. L. Muralidharan holds a B.Com degree from Delhi University and is a Chartered Accountant and Company Secretary by profession.

3. Ms. T. Vijayalakshmi

Ms. T. Vijayalakshmi is a Trustee on the Board of M/s. Sarvam Mutual Benefit Trust Kancheepuram (SMBT) since 2011. She is the Animator (Group Leader) of Kanchi Kamakshi Self Help Group, Sathavaram right from its formation in 2007. The said Self Help Group is a constituent member of Mutual Benefit Trust, Chinna Kancheepuram. Ms. T. Vijayalakshmi is engaged in Manufacture of Paperbag, envelopes and Stationery items.

Investor – Nominee Directors:

Mr. Pradeep Pathiyamveetil

Mr. Pradeep Pathiyamveetil is the nominee of Aavishkaar Goodwell India Microfinance Development Company. He has extensive experience in project finance, private equity investing and business development in rural India. He is a specialist in financial analysis and evaluation of small and medium size enterprises (SME's) and microfinance institutions.

Independent Director:

Mr. A. Subramanian

He is a former Executive Director of Indian Bank, a nationalized commercial bank. He has 40 years of rich banking service and he started his career in Oriental Bank of commerce. His experience spans across treasury, Balance sheet, Corporate governance and mergers. He was the member of IBA standing committee on accounting standards and taxation since 2004.

Retirement by rotation

Mr. L. Muralidharan retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment. The Board recommends the re-appointment of Mr. L. Muralidharan as Director of the Company.



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BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Changes in Board Constitution

The following are the changes in the composition of the Board of Directors during the year ended 31st March 2015:

(i) Appointment:

Ms. T. Vijayalakshmi was appointed on September 15, 2014 as Promoter-nominee Director representing M/s. Sarvam Mutual Benefit Trust Kancheepuram

(ii) Cessation:

Mr. J. Raghunathan resigned from the Board with effect from June 27, 2014

Meetings of Board / Committee

During the financial year 2014-15, the following Board meetings were convened:

S. No.	Quarter	Date of Board Meeting
1	Apr 2014 – Jun 2014	Jun 20, 2014*
2	Jul 2014 – Sep 2014	Sep 18, 2014
3	Oct 2014 – Dec 2014	Dec 18, 2014
4	Jan 2015 – Mar 2015	Mar 18, 2015

* The meeting was to be originally convened on June 20, 2014 but was adjourned to and held on June 30, 2014.

The Board at present has 4 (Four) Committees viz., Asset Liability Management Committee, Audit and Risk Management Committee, Share Allotment and Transfer Committee and Nomination and Remuneration Committee.

The Board delegates power to these Committees from time to time. The constitution of the Committees with their specific terms of reference is done by the Board. The minutes of the meetings of the Committees convened between two Board Meetings are being placed before the Board at its next meeting for its information and confirmation.

❖ **Asset Liability Management Committee**

The composition of the Asset Liability Management (ALM) Committee as on March 31, 2015 is as below:

1. Dr. Kalpana Sankar (Chairperson of ALM Committee)
2. Mr. L. Muralidharan

During the financial year 2014-15, the Asset Liability Management Committee meetings were convened on the following dates:



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BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

S. No.	Quarter	Date of ALM Committee Meeting
1	Apr 2014 – Jun 2014	Jun 30, 2014
2	Jul 2014 – Sep 2014	Aug 06, 2014
3		Sep 18, 2014
4		Sep 25, 2014
5	Oct 2014 – Dec 2014	Oct 10, 2014
6		Nov 01, 2014
7		Nov 10, 2014
8		Dec 15, 2014
9		Dec 26, 2014
10	Jan 2015 – Mar 2015	Jan 29, 2015
11		Feb 27, 2015
12		Feb 28, 2015
13		Mar 17, 2015
14		Mar 24, 2015
15		Mar 26, 2015
16		Mar 28, 2015
17		Mar 28, 2015
18		Mar 30, 2015
19		Mar 31, 2015

❖ Audit and Risk Management Committee

The composition of the Audit and Risk Management Committee as on March 31, 2015 is as below:

1. Mr. A. Subramanian (Chairman of Audit and Risk Management Committee)
2. Mr. L. Muralidharan
3. Mr. Pradeep Pathiyamveetil

During the financial year 2014-15, the Audit and Risk Management Committee meetings were convened on the following dates:

S. No.	Quarter	Date of Audit and Risk Management Committee Meeting
1	Apr 2014 – Jun 2014	Jun 20, 2014*
2	Jul 2014 – Sep 2014	Sep 18, 2014
3	Oct 2014 – Dec 2014	Dec 18, 2014
4	Jan 2015 – Mar 2015	Mar 18, 2015

* The meeting was to be originally convened on June 20, 2014 but was adjourned to and held on June 30, 2014.





BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

❖ Share Allotment and Transfer Committee

The composition of the Share Allotment and Transfer (SAT) Committee as on March 31, 2015 is as below:

1. Mr. L. Muralidharan (Chairman of SAT Committee)
2. Dr. Kalpana Sankar
3. Mr. A. Subramanian

During the financial year 2014-15, the Company convened the meeting of the SAT Committee for approval of Share Transfer on Jun 30, 2014.

❖ Nomination and Remuneration Committee

The composition of the Nomination and Remuneration (NR) Committee as on March 31, 2015 is as below:

1. Mr. Pradeep Pathiyamveettil (Chairman of NR Committee)
2. Mr. L. Muralidharan
3. Mr. A. Subramanian

During the financial year 2014-15, there was no meeting of the NR Committee.

General Meetings

The 26th Annual general Meeting (AGM) of the Company was held on September 15, 2015.

Details of Meetings Attended by each Director for the Financial Year 2014-15:

Directors	DIN	No. of Board Meetings attended	No. of General Meetings attended	No. of Audit & Risk Management Committee Meetings attended	No. of Asset Liability Management Committee Meetings attended	No. of Share Allotment & Transfer Committee Meetings attended
Dr. Kalpana Sankar	01926545	4	1		19	1
Mr. A. Subramanian	01777552	4	1	4		1
Mr. Pradeep Pathiyamveettil	02196030	3		2		
Mr. L. Muralidharan	01957930	4	1	4	19	1
Ms. T. Vijayalakshmi	06948971	3				
Mr. J. Raghunathan*	02360923	1		1		

* Mr. J. Raghunathan resigned from the Board with effect from June 27, 2014

Extract of Annual return

The extract of the annual return in Form MGT-9 is annexed (as Annexure – I) and forms part of this report.



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BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Deposits

Your Company is registered with the RBI as a non-deposit taking NBFC and your Company has not accepted any deposit during the year under review.

Compliance with RBI

Your Company, being a "NBFC-MFI" complies with the RBI guidelines with respect to NBFC-MFIs as may be prescribed by RBI from time to time. Further your Company had been classified as "Non-Deposit taking Systemically Important NBFC (ND-SI-NBFC)" till November 09, 2014.

Pursuant to the RBI Circular DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014, your Company is not a Systemically important NBFC and hence remains classified as "Non-Deposit taking NBFC (ND-NBFC)".

Code of Conduct

Your Company follows fair practices in its dealings with the clients and has adopted the revised Fair Practices Code specified by RBI in July 2014. The Fair Practices followed in lending are with regard to:

- ✦ Application for Loans and their processing
- ✦ Loan appraisal and terms/conditions
- ✦ Disbursement of loans including changes in terms and conditions
- ✦ Disclosures in loan agreement / loan card
- ✦ Transparency in Interest Rates
- ✦ Checking Multiple-lending, Over-borrowing and Ghost-borrowers
- ✦ Non-Coercive Methods of Recovery

The Fair Practice code has been displayed at all branches of the Company.

Grievance Redressal Mechanism

Your Company has also put in place a robust customer grievance redressal mechanism, toll-free number for airing grievances, gender sensitivity in dealing with customers, etc.

Mr. S. Padmanabhan, Chief Financial Officer continues to be the Grievance Redressal Officer of the Company. The name and contact details (telephone / mobile number, email address) of the Grievance Redressal Officer have been displayed prominently at the respective branches so that the Officer can be approached by the Microfinance borrowers for resolution of complaints against the Company. Your Company has displayed at all its branches the details of the Officer-in-charge of Regional Office of DNBS, RBI, Chennai.

The Company has also adopted the Code of Conduct prescribed by MFIN (Self-Regulatory Organization).

Your Company has been awarded a score of 82.8% for Code of Conduct assessment (CoCA) done by M-CRIL.





BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Capital Adequacy

The Capital Adequacy ratio for the year ended March 31, 2015 is **15.07%** thus ensuring compliance with the RBI guidelines.

Auditors:

M/s. N. Sankaran & Co., Chartered Accountants, Chennai were appointed as the Company's Statutory Auditors at the previous Annual General Meeting, subject to the ratification of the members and confirmation of the auditor every year. They have confirmed their eligibility and willingness to accept office, if re-appointed.

The Board recommends the ratification of appointment of M/s. N. Sankaran & Co., Chartered Accountants, Chennai as Statutory Auditors of the Company to hold office till the conclusion of the 31st Annual General meeting of the Company, subject to the ratification of the members at every Annual General Meeting. The members are requested to authorize the Board of Directors to fix their remuneration.

Explanation or comments by the Board on every qualification, reservation, adverse remark or disclaimer made by the auditor

No such explanation or comment is required since there are no qualifications, reservations, adverse remarks or disclaimer made by the auditor.

Holding and Subsidiary Company

Your Company does not have any holding or subsidiary Company.

Risk management policy

Your Company has a Risk management policy duly approved by the Board. Details on the Risk Management processes are elaborated in the Management Discussion and Analysis Report that forms part of this Report.

Contracts / arrangements with related parties

The particulars of contracts or arrangements with related parties in Form AOC-2 (as Annexure – II) are annexed and form part of this report.

Information as per Section 134(3)(m) of the Companies Act, 2013

1. The Company has no activity relating to consumption of energy or technology absorption.
2. Expenditure in Foreign currency:
During the year under review the Company incurred foreign travel expenditure amounting to Rs.149,550/- (PY. Nil).
3. The Company does not have any foreign currency earnings during the year under review.





BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Material orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Internal financial controls

The Company has adequate internal financial controls with reference to the Financial statements for the year ended March 31, 2015.

Particulars of loans, guarantees or investments

The Company has duly complied with the provisions of Section 180 of the Companies Act, 2013. The Company has not granted any loans, made any investments, given guarantees or extended any security during the financial year ended March 31, 2015.

Particulars of employees

There was no employee drawing remuneration in excess of Rs.60,00,000/- per annum or Rs.5,00,000/- per month. None of the employees of the Company hold, by themselves, or with their spouse and dependent children, more than 2% of the paid-up equity capital of the Company and draw remuneration.

Whistle Blower policy

Your Company has a Whistle Blower policy duly approved by the Board. Your Company affirms that no employee has been denied access to the Chief Executive Officer of the Company and that no complaints were received during the year.

Directors' Responsibility statement

Your Directors' confirm:

- a) that in the preparation of the Annual Accounts the applicable Accounting Standards have been followed along with proper explanation in relation to material departures.
- b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and the loss of the company for that year.
- c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) that the Directors have prepared the annual Accounts on a going concern basis.
- e) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



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BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Fraud Reported by Auditor

The Auditor has not reported any Fraud under Section 143(12) of the Companies Act, 2013.

CEO/CFO Certification

The CEO and CFO have given a Certificate to the Board as per the format given in Clause 49 of the SEBI Listing Agreement.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and resolved during the year 2014-15.

No. of Complaints received: Nil

No. of Complaints resolved: Nil

Acknowledgement

Your Directors take this opportunity to thank all the shareholders of the Company for their continued support.

Your Directors hereby place on record their appreciation for the co-operation and support received from the clientele and Bankers and also thank all the employees of the Company for their valuable contribution in the growth of the Company.

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



Kalpana Sankar
Dr Kalpana Sankar

Managing Director

DIN: 01926545

Mr L. Muralidharan

Mr L. Muralidharan

Director

DIN: 01957930

June 26, 2015

Chennai

Annexure – I - Extract of the annual return in Form MGT-9

Annexure – II - Particulars of contracts or arrangements with related parties in Form AOC-2

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BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

ANNEXURE - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1) CIN: U06599TN1988PTC081652

2) Registration Date:- 25-08-2011 (Date of Incorporation: 11-01-1988)

3) Name of the Company:- Belstar Investment and Finance Private Limited

4) Category/Sub-Category of the Company:- Company Limited by Shares/Indian Non-Government Company

5) Address of the Registered office and contact details:-

Belstar Investment and Finance Private Limited

Old No. 14, New No. 33, 48th Street, 9th Avenue, Ashok Nagar, Chennai – 600 083

Telephone : 044-43414567

Email ID : vijavalakshmi.ps@hishseed.org

6) Whether listed company:- Yes / No :-No

7) Name, Address and Contact details of Registrar and Transfer Agent, if any:- Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Micro-credit	9971190	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY /ASSOCIATE	% of share s held	Applicable Section
			NIL		



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IV. SHARE HOLDING PATTERN
(Equity Share Capital Breakup as percentage of Total Equity)

Continuation

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	398,742	75,241	473,983	3.30%	398,742	75,241	473,983	3.30%	Nil
(b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) State Govt (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Bodies Corp.	Nil	729,472	729,472	5.08%	Nil	729,472	729,472	5.08%	Nil
(e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f) Any Other	Nil	7,954,225	7,954,225	55.40%	Nil	8,754,225	8,754,225	60.97%	10.06%
Sub-total (A) (1):-	398,742	8,758,938	9,157,680	63.78%	398,742	9,558,938	9,957,680	69.35%	10.06%
(2) Foreign									
a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	398,742	8,758,938	9,157,680	63.78%	398,742	9,558,938	9,957,680	69.35%	10.06%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



d) State Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIs	2,000,000	3,200,000	5,200,000	36.22%	2,000,000	2,400,000	4,400,000	30.65%	-15.38%
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):	2,000,000	3,200,000	5,200,000	36.22%	2,000,000	2,400,000	4,400,000	30.65%	-15.38%
2. Non-Institution									
a) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others (Foreigners & NRIs)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub total (B)(2):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding (B)=(B)(1)+ (B)(2)	2,000,000	3,200,000	5,200,000	36.22%	2,000,000	2,400,000	4,400,000	30.65%	-15.38%
C. Shares held by Custodian for GDR and ADR	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	2,398,742	11,958,938	14,357,680	100%	2,398,742	11,958,938	14,357,680	100%	5.32%



(ii) Shareholding of Promoters

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			Continuation ... % change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total Shares	
1	Dr. Kalpana Sankar	398,742	2.78%	Nil	398,742	2.78%	Nil	Nil
2	Ms. D. Bindhu	38,842	0.27%	Nil	38,842	0.27%	Nil	Nil
3	Ms. Kamini Dhandapani	32,367	0.22%	Nil	32,367	0.22%	Nil	Nil
4	Mr. R. Ashwin Kumar	4,032	0.03%	Nil	4,032	0.03%	Nil	Nil
5	Capt. P. K. Ayre	7,954,225	55.40%	Nil	8,754,225	60.97%	Nil	10.06%
6	Hand in Hand Consulting Services Pvt. Ltd.	729,472	5.08%	Nil	729,472	5.08%	Nil	Nil
	Total	9,157,680	63.78%	Nil	9,957,680	69.35%	Nil	10.06%

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SI. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	9,157,680	63.78%	9,157,680	63.78%
	Datewise Increase/Decrease in Promoters Shareholding during the year 30-06-2014 (Increase through Share Transfer)	800,000	5.57%	800,000	5.57%
	At the end of the Year	9,957,680	69.35%	9,957,680	69.35%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

SI. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
1.	International Finance Corporation				



	At the beginning of the year	2,000,000	13.93%	2,000,000	13.93%
	Date wise Increase / Decrease in Share holding during the Year	Nil	Nil	Nil	Nil
	At the End of the year	2,000,000	13.93%	2,000,000	13.93%

Continuation

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the	No. of shares	% of total shares of the company
2.	Norwegian Microfinance Initiative Frontier Fund KS				
	At the beginning of the year	1,600,000	11.15%	1,600,000	11.15%
	Date wise Increase / Decrease in Share holding during the Year	Nil	Nil	Nil	Nil
	At the End of the year	1,600,000	11.15%	1,600,000	11.15%

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the	No. of shares	% of total shares of the company
3.	Aavishkaar Goodwell India Microfinance Development Company				
	At the beginning of the year	800,000	5.57%	800,000	5.57%
	Date wise Increase / Decrease in Share holding during the Year	Nil	Nil	Nil	Nil
	At the End of the year	800,000	5.57%	800,000	5.57%

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the	No. of shares	% of total shares of the company
4.	Swedfund International AB				
	At the beginning of the year	800,000	5.57%	800,000	5.57%



Datewise Increase/Decrease in Shareholding during the year					Continuation
30-06-2014 (Decrease through Share Transfer)	800,000	5.57%	800,000	5.57%	
At the End of the year	Nil	Nil	Nil	Nil	

v) Shareholding of Directors and Key Managerial Personnel:

No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
1.	Dr. Kalpana Sankar, Managing Director				
	At the beginning of the year	398,742	2.78%	398,742	2.78%
	Date wise Increase / Decrease in Shareholding during the year	Nil	Nil	Nil	Nil
	At the End of the year	398,742	2.78%	398,742	2.78%

No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
2.	Dr. N. Jeyaseelan, Chief Executive Officer				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Shareholding during the year	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil





Continuation

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
3.	Mr. V. Venkatakrisnan, Chief Operations Officer				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Datewise Increase/Decrease in Promoters Shareholding during the year	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
4.	Mr. S. Padmanabhan, Chief Finance Officer				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Datewise Increase/Decrease in Promoters Shareholding during the year	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
5.	Ms. P S Vijayalakshmi, Joint Chief Finance Officer & Company Secretary				
	At the beginning of the year	Nil	Nil	Nil	Nil



Datewise Increase/Decrease in Promoters Shareholding during the year	Nil	Nil	Nil	Nil	Continuation ...
At the End of the year	Nil	Nil	Nil	Nil	

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,110,589,432	Nil	Nil	1,110,589,432
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	7,003,178	Nil	Nil	7,003,178
Total (i+ii+iii)	1,117,592,610	Nil	Nil	1,117,592,610
Change in Indebtedness during the financial year				
• Addition	1,771,000,000	Nil	Nil	1,771,000,000
• Reduction	701,712,549	Nil	Nil	701,712,549
Net Change	1,069,287,451	Nil	Nil	1,069,287,451
Indebtedness at the end of the financial year				
i) Principal Amount	2,080,553,382	Nil	Nil	2,080,553,382
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	5,561,567	Nil	Nil	5,561,567
Total (i+ ii+ iii)	2,086,114,949	Nil	Nil	2,086,114,949



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WFD/ Manager	Total Amount (Rs.)
		Dr. Kalpana Sankar	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	3,931,500 Nil Nil	3,931,500
1.	Stock Option	Nil	Nil
2.	Sweat Equity	Nil	Nil
3.	Commission - as % of profit - others specify...	Nil	Nil
	Total (A)	3,931,500	3,931,500
	Ceiling as per the Act	5% of the Net Profit	

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors	Total Amount
		Mr. A. Subramanian	
	Independent Directors • Fee for attending board committee meetings* • Commission • Others, please specify *excludes reimbursement of travel and other expenses incurred for the Company's business/ meetings	Rs.180,000	Rs.180,000
	Total (1)	Rs.180,000	Rs.180,000
	Other Non-Executive Directors • Fee for attending board /committee meetings • Commission • Others, please specify	Nil	Nil
	Total (2)	Nil	Nil
	Total (B)=(1+2)	Rs.180,000	Rs.180,000





Continuation

	Total Managerial Remuneration		
	Overall Ceiling as per the Act	11% of the Net Profit	

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel				
		Dr. N. Jeyaseelan, CEO	Mr. V. Venkatakrishnan, COO	Mr. S. Padmanabhan, CFO	Ms. P S Vijayalakshmi, Joint CFO & CS	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	2,416,500 Nil Nil	2,016,504 Nil Nil	2,176,500 Nil Nil	2,072,500 Nil Nil	8,682,004 Nil Nil
2.	Stock Option	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
5.	Others	Nil	Nil	Nil	Nil	Nil
	Total	2,416,500	2,016,504	2,176,500	2,072,500	8,682,004





Continuation

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any give Details
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IF DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors



Kalpana Sankar
Dr Kalpana Sankar
Managing Director
DIN: 01926545

Muralidharan
Mr L. Muralidharan
Director
DIN: 01957930

June 26, 2015
Chennai

**ANNEXURE II - FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

- (a) Name(s) of the related party and nature of relationship:
NIL
- (b) Nature of contracts/arrangements/transactions
NIL
- (c) Duration of the contracts/arrangements/transactions
NIL
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any
NIL
- (e) Justification for entering into such contracts or arrangements or transactions
NIL
- (f) Date(s) of approval by the Board
NIL
- (g) Amount paid as advances, if any:
NIL
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

- (a) Name(s) of the related party and nature of relationship

Hand in Hand India (Trust in which Managing Director is the Chairperson and Managing Trustee)

- (b) Nature of contracts/arrangements/transactions

Reimbursement of the following expenses on behalf of the Company:

- (i) Consultancy fee incurred by Hand in Hand India for Rs. 431,463/- in respect of payment made to M/s. Stanton Chase International Private Limited, Executive Search consultants, Lakshmi Sadan Building, No.5, Warren Road, Mylapore, Chennai - 600 004 vide Bill No.179/CHN/S/IP/DEC/14-15 dated December 31, 2014

- (ii) Rent advance for Dhar Branch for Rs.5,000/-

- (c) Duration of the contracts/arrangements/transactions

One time transaction





Continuation

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

As mentioned above

(e) Date(s) of approval by the Board, if any:

Not Applicable

(f) Amount paid as advances, if any:

Nil

For and on behalf of the Board of Directors

Dr Kalpana Sankar

Managing Director

DIN: 01926545



Mr L. Muralidharan

Director

DIN: 01957930

June 26, 2015

Chennai



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction:

Belstar Investment and Finance Private Limited ("the Company") recorded a growth rate of 65.23% in Gross Loan Portfolio from INR 1,233.62 Million in FY 2013-14 to INR 2,038.35 Million in FY 2014-15.

During the year, the Company launched operations under the Joint Liability Group (JLG) methodology in the State of Maharashtra and 3 new branches were opened in Pune district — Alandi, Chinchwad and Chakan. In addition, a new branch by name "Vadalur" was carved out of the existing Virudhachalam branch in Cuddalore district for operational convenience. With this, the total number of branches is 68 as at March 31, 2015.

The State-wise distribution of the Gross Loan Portfolio (GLP) is as follows:

Percentage of GLP	As of March 31, 2015	As of March 31, 2014	As of March 31, 2013	As of March 31, 2012
Tamil Nadu	76.87%	77.45%	82.60%	83.24%
Puducherry	9.80%	9.65%	7.20%	9.10%
Karnataka	10.51%	12.44%	10.20%	7.66%
Madhya Pradesh	2.18%	0.47%	-	-
Maharashtra	0.64%	-	-	-

The Company will be expanding to North India and build up its loan portfolio in a steady pace during the FY-2015-16 to have a well spread pan-India GLP so as to bring down the concentration risk.

The activity-wise breakup of the Loan Portfolio as of 31 March 2015 is as follows:

S. No.	Activity	FY 2014-15	FY 2013-14	FY 2012-13	FY 2011-12
1.	Agriculture & Allied	54%	48%	46%	36%
2.	Production & Manufacturing	12%	14%	17%	19%
3.	Service	13%	15%	14%	16%
4.	Trade & Business	21%	23%	23%	29%
	Total	100%	100%	100%	100%

The operational and financial performance of the Company during the last three years is graphically presented as below:



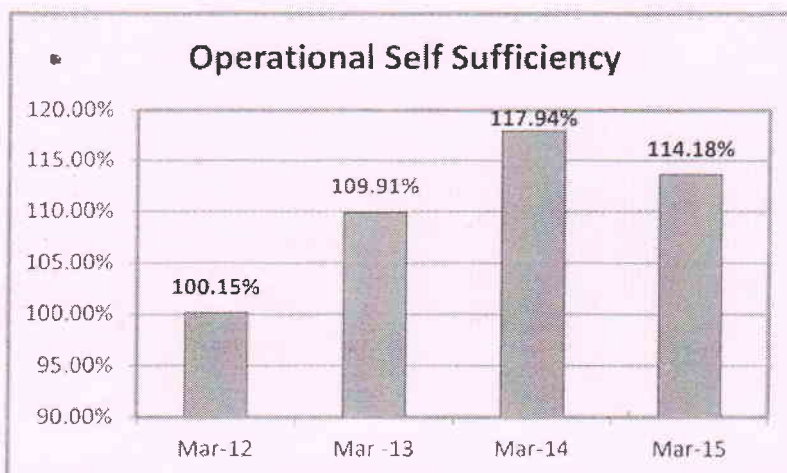
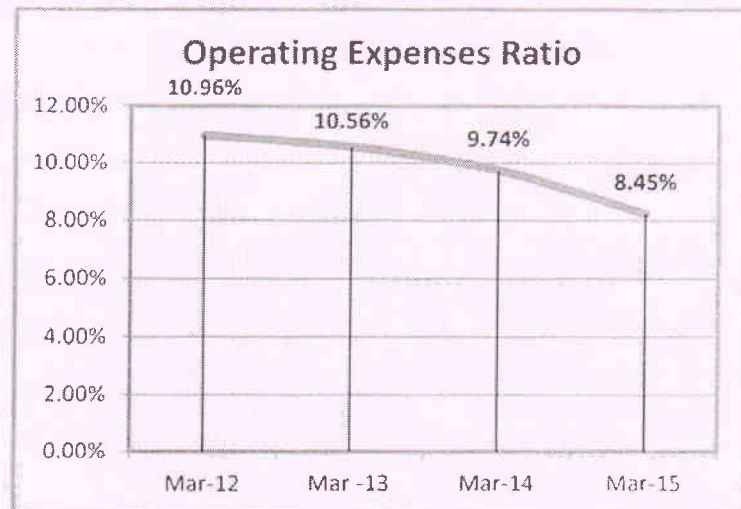
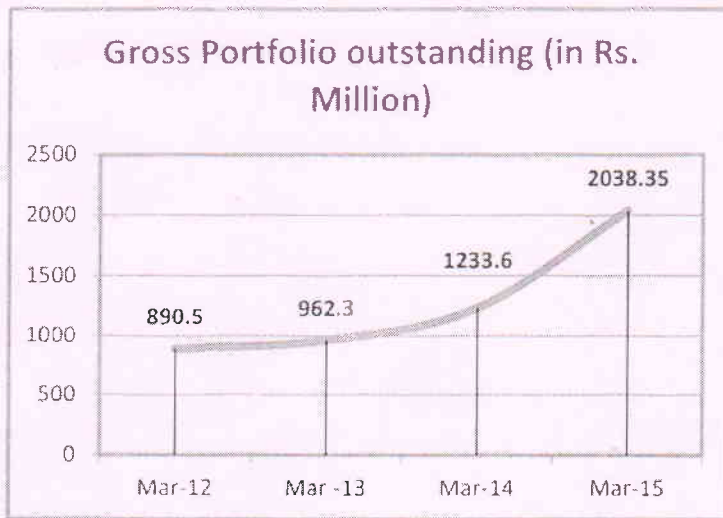
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Phone : +91 - 44 - 43414567 / 45544026, www.belstar.in

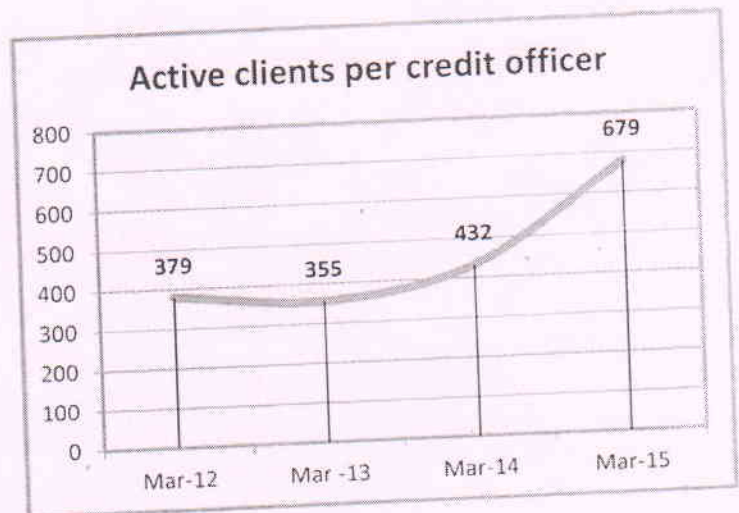
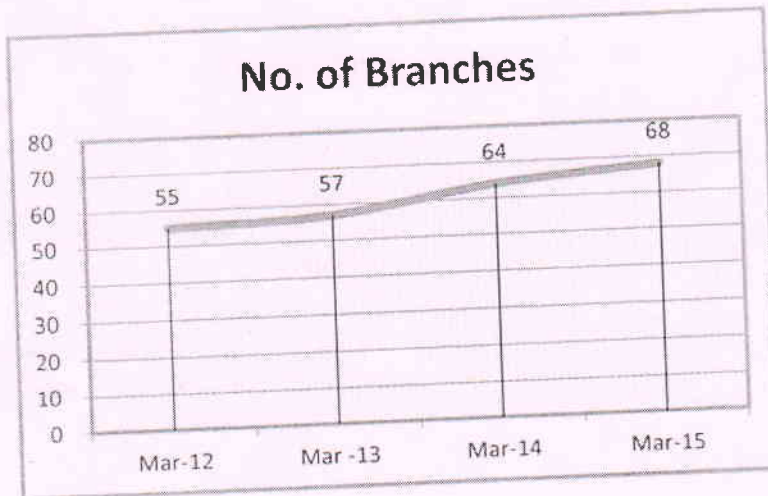
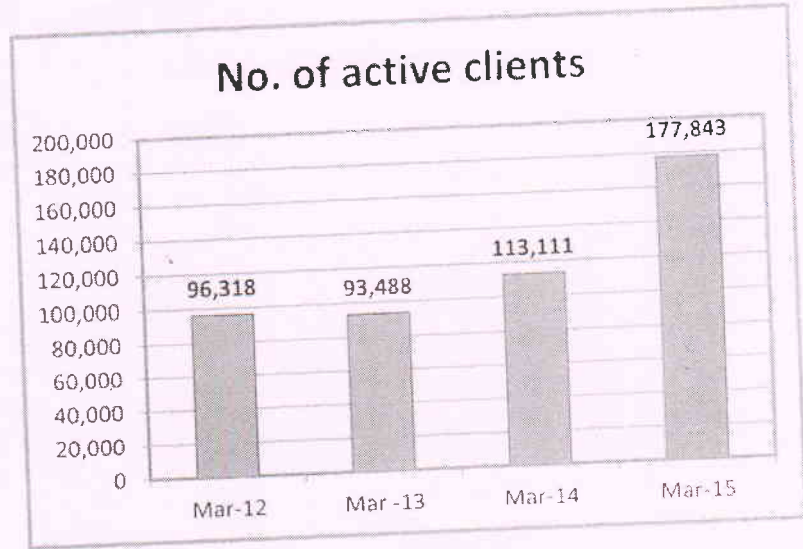


BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED





BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

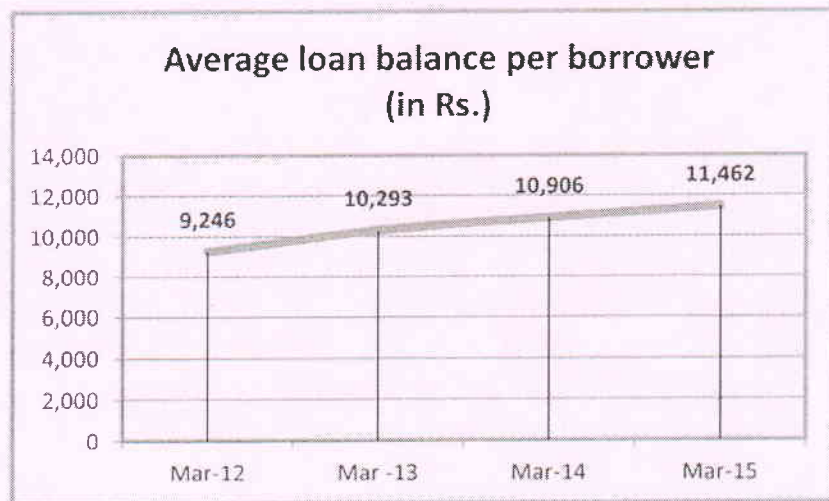
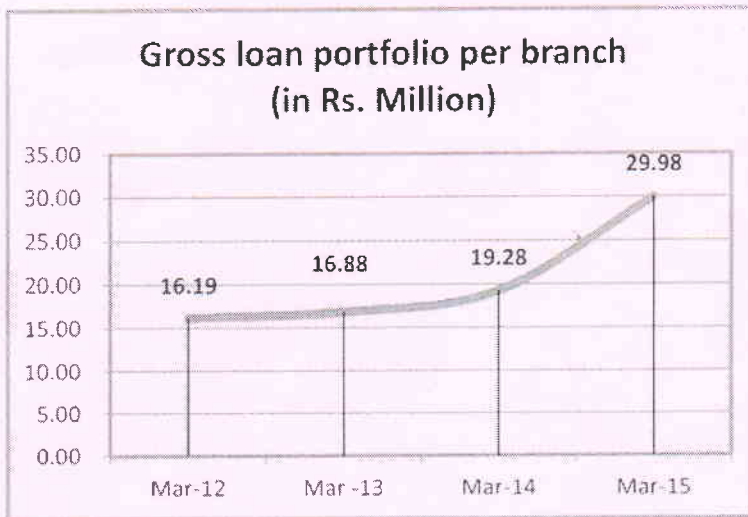


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BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED



Business Environment:

The Company comes under the class of NBFC-MFIs that have a Gross Loan Portfolio in the range of INR 1 Billion to INR 5 Billion. According to the report from Microfinance Institutions Network (MFIN), during FY 2014-15, the NBFC-MFIs with GLP > INR 1 -5 Billion, grew their GLP by 51% and their borrower base increased by 27% as compared to FY 2013-14. Funding to the NBFC-MFIs grew by 83% and the PAR figures remained well below 1% during the year for the Non-AP MFIs.

During the year under review, the GLP of your company crossed the INR 2 Billion mark in March 2015, recording an overall growth of 65.23%.

Financial Results:

The Company made a PBT of INR 45.30 Million during FY 2014-15. The Company had disbursed MF loans to the tune of INR 2,263 Million reaching out to 143,048 SHG borrowers during the year. The Company





BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

was able to bring down the operating costs to 8.45% and achieve a return on average equity of 9.29% during the year under review. The Book value per equity share (of face value Rs.10/- each) has increased from Rs.21.45/- as of March 31, 2014 and to Rs.23.54/- as of March 31, 2015. The Company has built up infrastructure to enable scalability in the years to come.

Training Support to Clientele:

The Company continued to demonstrate its commitment to various training programmes targeting the clients. With steady support from Hand in Hand India, a slew of Capacity-building trainings were organized for SHG members to enable them to understand their roles and fulfill their responsibilities effectively. Suitable activity-based skill trainings were also provided, on request, to the SHG members to promote enterprises, for upgrading skill and expansion of enterprises.

Capital Adequacy:

The Capital to Risk Adjusted Assets (CRAR), at the end of the year was at 15.07% indicating the level of leverage on the existing capital base. Pursuant to the RBI Circular DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014, your Company is not a Systemically important NBFC and hence remains classified as "Non-Deposit taking NBFC (ND-NBFC). As per the said circular, a leverage ratio of 7 is being introduced for all such NBFCs-ND to link their asset growth with the capital they hold. The Leverage ratio is 6.33 as at 31st March 2015 and hence within the limit prescribed by RBI.

The Company, as on date, does not have any off-balance sheet exposure.

Resources and Fundraising:

The funding for the operations has been sourced through debts mobilized from Banks and Financial Institutions. During FY 2014-15, the Company was able to mobilize debt by way of Term Loans to the tune of INR 1771 Million from Banks and other NBFCs. All the loans availed are being serviced regularly.

Information Technology:

The Company has invested in ERP product from Microsoft "Microsoft Dynamics NAV ERP 2013 – R2" for Operational and Finance modules for the SHG operations. In order to have a full-fledged single integrated system for Finance and Operation Modules, the deployment of Microsoft Dynamics NAV ERP is underway. The Finance and Operation modules customized by the Microsoft Partner for Belstar Requirements will be made available and this ensures availability of data for any authorized user on Real Time Basis. Finance Module for SHG is currently deployed and put in use. The development and final UAT Testing for Operation Module is currently underway and scheduled to move into production in August 2015. The JLG operations in 4 Branches are done through an application software e-Fimo developed by an external vendor.

Once the Navision is fully in operation for SHG, JLG operations will be included in Navision.



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BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Human Resources Development:

During the year under review, the Company has provided a wide range of benefits to its employees such as staff loan schemes, vehicle loan schemes and Health Insurance cover for all its employees. The Company organised several training programmes for the staff during the year under review to build their capacity for performance and to enhance their skill sets. The number of employees as of March 31, 2015 stood at 491.

Risk Management:

Risk management is one of the important functions of any organization especially for financial institutions as it assumes greater importance. Risks are inherent in a financial activity and in Micro Finance industry where lending is without collaterals; risks of various natures are very common.

Generally a risk can be defined as a "Possible event of loss" to the Company's assets, properties or damage to the reputation of the Company caused by internal or external vulnerabilities.

Risks can be broadly classified as:

- ❖ **Credit risk:** Borrowers failing to repay the loan either due to inability or unwillingness.
- ❖ **Operational risk:** Risk arising out of failure of company's systems and processes including employees' negligence.
- ❖ **Environmental risk:** Risk arising out of political, caste, religious or any regulatory interventions, natural disaster etc., which affect the sector.
- ❖ **Reputation risk:** The risk of the Company's goodwill being eroded due to internal and external factors.
- ❖ **Risk of frauds:** Internal frauds by employees or frauds committed by outsiders.
- ❖ **Liquidity Risk:** The entire Microfinance sector depends upon the funding support from Banks and NBFCs and is dependent on the overall image of the sector as well as the regulatory environment.

❖ ALM Risk:

The Company ensures that the borrowings are medium term and the lending are short and medium term so that Asset Liability mismatch does not arise and that a sufficient float is maintained at all times.

❖ Leverage:

The Company adopts a conservative policy when it comes to leveraging its capital. At all times, sufficient CRAR is maintained to ensure adequate liquidity.

Your Company takes all these Risk factors into account and all possible precautionary steps, proactive actions are being put in place to prevent these Risks.





BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Outlook:

The microfinance sector, which is seen as a vehicle of financial inclusion, has seen a boom over the past year as government has laid more emphasis on financial inclusion. The sector is expected to grow robustly in the next few years as large players consolidate their position in their market.

By increasing the income cap for the eligibility of a micro-loan borrower as well as the permissible total borrower indebtedness, the Reserve Bank of India (RBI) has indicated its strong support to Non-Banking Financial Companies – Microfinance Institutions (NBFC-MFIs) role in financial inclusion. The move is likely to significantly increase the potential market size without affecting borrowers' servicing ability and improve operating efficiency of NBFC-MFIs.

Schemes like Jan-Dhan Yojna and MUDRA Bank, which are specifically targeting those at the bottom of the pyramid, have come to define funding in the financial inclusion space. Competition from Jan-Dhan-driven bank credit, given that banks would provide overdraft facility to account holders, may hamper the growth of MFIs as loan demands take a hit. Also government's measures such as appointing BCs at high speed, trying to increase efficiency and transaction throughput of the BC model and permitting diversified banks may achieve sufficient traction only by FY19 for financial inclusion and pose competition to MFIs. Microfinance sector is expected to grow at 24 per cent annually over FY15-19.

The MFI sector has seen impressive investment flow over the last quarter with the big MFIs securing funding. As big MFIs get more capital infusion, they are expected to expand their reach thereby marginalizing small players from the market.

The prospects for the MFI sector seem brighter as it evolves and transforms itself over the next few years, while expectations are that the market would consolidate in the coming years and that efficiency of the sector is set to improve. MFI institutions coupled with schemes like Jan-Dhan and MUDRA would help the government further its growth agenda as penetration of credit improves.

Way Forward:

❖ Equity raise:

The Company proposes to raise equity capital during FY 2015-16 to the tune of INR 35 crores.

❖ Expansion:

Post the equity mobilization, the Company proposes to take over 7 SHG branches from Hand in Hand India and form 8 new JLG branches in select States in North India.

❖ New Products:

The Company proposes to roll out MSME Loan product in FY 2015-16. In addition to continuing with the grant of Education loans and Home Improvement loans to our customers, the Company proposes to do Sanitation loans and also market insurance products.



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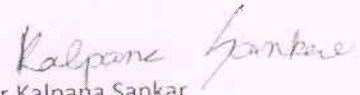


BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Disclaimer:

The Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking' within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

For and on behalf of the Board of Directors


Dr Kalpana Sankar
Managing Director
DIN: 01926545




Mr L. Muralidharan
Director
DIN: 01957930

June 26, 2015
Chennai



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

CEO / CFO Certificate


The Board of Directors
Belstar Investment and Finance Private Limited
Old No.14, New No.33
48th Street, 9th Avenue
Ashok Nagar
Chennai – 600 083

This is to certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2015 and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements, together with the notes attached thereto, present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, the Company has not entered into any fraudulent or illegal transactions.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting.

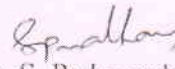
Place: Chennai

Date: June 26, 2015


Dr. N. Jeyaseelan

CEO




Mr. S. Padmanabhan

CFO



N.SANKARAN & CO.,
CHARTERED ACCOUNTANTS

1-A, RAJA ANNAMALAI BUILDING,
2nd FLOOR, Old No.19, New No.72,
MARSHALS ROAD, EGMORE,
CHENNAI - 600 008.
Phone : 2855 4090, 4214 8283
Fax : 044 - 2855 4190
e-mail : sunsekar@vsnl.net

INDEPENDENT AUDITORS' REPORT

To the Members of M/s Belstar Investment and Finance Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s **Belstar Investment and Finance Private Limited** ("the company"), which comprise the Balance Sheet as at 31st March 2015 and also the Statement of Profit and Loss for the year then ended and also the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements read together with the notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:



- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015; and
- (b) In the case of the Statement of Profit and Loss, of the **PROFIT** for the year ended on that date;
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act and on the basis of such checks of the books and reports of the company as we considered appropriate, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and also the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and also the Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of clause (g) of sub-section (1) of section 164(2) of the Act.
 - f. 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.
 - a. The Company does not have any pending litigations which would impact its financial position
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses



- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For **N.SANKARAN & CO**
Chartered Accountants
Firm Regn No 003590S



(**L.PATTABHIRAMAN FCA**)
Partner
Membership No 022023



Place: Chennai
Date: 26.06.2015

Annexure to Independent Auditors' Report

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our audit report of even date to the Members M/s Belstar Investment and Finance Private Limited.

- I. In respect of its Fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The management during the year has physically verified all the assets and there is a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. We have been informed that no serious discrepancy have been noticed on such physical verification.
- II. The Company is a non banking financial company and primarily engaged in financing activities, accordingly it does not hold any physical inventories thus paragraph 3 (ii) of the order is not applicable.
- III. In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly clauses (iii) (a) & (b) of Paragraph 4 of the order are not applicable to the Company for the current year.
- IV. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets. Further on the basis of our examination and information and according to the explanations given to us, we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control procedure.
- V. The Company has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Companies Act, and the rules framed there under.
- VI. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records, for any services rendered by the Company, under section 148(1) of the Companies Act.
- VII. In respect of statutory dues
 - a. According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues including provident fund, investor education



and protection fund, employees state insurance, income-tax, wealth tax, service tax, cess and other material statutory dues as applicable, have been regularly deposited by the Company during the year with the appropriate authorities and there are no undisputed statutory dues which are outstanding for more than six months as at the Balance Sheet date.

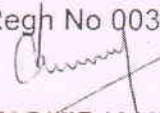
- b. According to the information and explanations given to us and according to the books and records as produced and examined by us, there were no cases of disputed income-tax, wealth tax, service tax, and cess.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- VIII. The Company does not have accumulated losses exceeding the share capital and reserves at the end of the financial year and has not incurred cash loss during the current year and the immediate preceding financial year.
- IX. Based on our audit procedure and on the information and explanations given by the management, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
- X. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- XI. In our opinion, and according to the information and explanations and explanations given to us and on overall examination, the term loans have been applied for the purpose for which they were raised.
- XII. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.



Place: Chennai
Date: 26.06.2015

For **N.SANKARAN & CO**
Chartered Accountants
Firm Regn No 003590S


(L.PATTABHIRAMAN FCA)
Partner
Membership No 022023



N.SANKARAN & CO.,
CHARTERED ACCOUNTANTS

1-A, RAJA ANNAMALAI BUILDING,
2nd FLOOR, Old No.19, New No.72,
MARSHALS ROAD, EGMORE,
CHENNAI - 600 008.
Phone : 2855 4090, 4214 8283
Fax : 044 - 2855 4190
e-mail : sunsekar@vsnl.net

AUDITORS' REPORT

To The Board Of Directors Of M/s. Belstar Investment And Finance Private Limited

This report is issued in accordance with the terms of our engagement letter dated 16th September 2014.

We have audited the financial statements of M/s Belstar Investment and Finance Private Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2015, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and issued our report dated 26th June 2015.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Management is also responsible for ensuring compliance with the applicable provisions of Reserve Bank of India Act, 1934 and RBI directions and guidelines specified in the directions.

Auditors' Responsibility

Pursuant to the requirements of the Non-Banking Financial Auditors' Report (Reserve Bank) Directions, 2008 ('the Directions'), it is our responsibility to examine the books and records of the Company and report on the matters specified in paragraph 3 and 5 of the said directions to the extent applicable to the Company.

We conducted our examination in accordance with the Guidance Note on Special purpose Audit Reports and certificates issued by the Institute of Chartered Accountants of India.

Conclusion

Based on our examination of the books and records of the Company as produced for our examination and the information and explanations given to us we report further that:-

- I. The Company is engaged in the business of non banking financial institution and the Company has obtained a Certificate of Registration (CoR) from the Reserve Bank of India as



a Non Banking Financial Company without accepting public deposits vide Certificate No B-07-00792 dated 12th December 2011.

- II. The Company is entitled to continue to hold such CoR in terms of its asset/income pattern as on 31st March 2015.
- III. Based on the criteria set forth by the Reserve Bank of India in circular No DNBS.CC.PD.No.250/03.10.01/2011-12 dated December 2, 2011 for classification of NBFCs as Non Banking Financial Company – Micro Finance Institutions' (NBFC-MFIs), M/s Belstar Investment and Finance Private Limited is eligible to be classified as NBFC-MFI as defined in Non Banking Financial Company – Micro Finance Institutions (Reserve Bank) Directions, 2011 with reference to the business carried on by the Company during the financial year 2014-15. The Company has received from RBI its endorsed CoR for classification as NBFC-MFI with effect from 11th December 2013.

Further we report,

- IV. The Board of Directors has passed a resolution for non-acceptance of any public deposits.
- V. The Company has not accepted any public deposits during the financial year 2014-15.
- VI. In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2015.
- VII. The Company is not a systemically Important Non-deposit taking NBFC (ND-NBFC) as at 31st March 2015, as defined in paragraph 2(1)(xix) of the Non-Banking Financial (Non-Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Direction, 2015 we report that –
 - a) Based on the records examined by us and according to the information and explanations given to us the capital adequacy ratio has been correctly arrived and such ratio is in compliance with the minimum Capital to Risk-weighted Assets Ratio (CRAR) prescribed by the Reserve Bank of India;
 - b) On the basis of our examination of books of accounts and according to the information and explanations given to us the Company has furnished the annual statement of capital funds, risk assets/exposure and risk assets ratio (NBS-7) to the Reserve Bank of India.

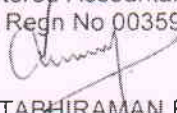
Restriction on use

This report is issued pursuant to our obligations under Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008 to submit a report on exceptions, noted while issuing our report dated 26th June 2015 on additional matters as stated in the above directions, to Reserve Bank of India and should not be used by any other person or for any other purpose. We neither accepts nor assumes any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

Place: Chennai
Date: 26.06.2015



For **N.SANKARAN & CO**
Chartered Accountants
Firm Regn No 003590S


(L.PATTABHIRAMAN FCA)
Partner
Membership No 022023

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2015

Amounts in Rs.

	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	143,576,800	143,576,800
Reserves and Surplus	2	194,391,056	164,401,761
		<u>337,967,856</u>	<u>307,978,561</u>
Non-Current Liabilities			
Long Term Borrowings	3	794,251,017	387,933,993
Long Term Provisions	4	19,614,121	11,817,656
		<u>813,865,138</u>	<u>399,751,649</u>
Current Liabilities			
Short Term Borrowings	5	95,691,944	94,627,011
Other Current Liabilities	6	1,206,110,095	642,496,282
Short Term Provisions	7	23,034,936	4,539,078
		<u>1,324,836,975</u>	<u>741,662,371</u>
TOTAL		<u>2,476,669,969</u>	<u>1,449,392,581</u>
ASSETS			
Non - Current Assets			
Fixed Assets	8		
(i) Tangible Assets		2,241,790	1,849,787
(ii) Intangible Assets		4,726,894	1,866,536
(iii) Capital Work In Progress		2,850,319	
		<u>9,819,003</u>	<u>3,716,323</u>
Deferred Tax Assets (Net)	9	7,465,651	4,821,193
Receivables under Financing Activity	10	406,386,750	220,918,000
Long - Term Loans and Advances	11	16,501,449	4,232,864
Other Non-Current Assets	12	121,375,000	62,250,000
		<u>561,547,853</u>	<u>295,938,380</u>
Current Assets			
Receivables under Financing Activity	13	1,631,965,373	1,012,699,109
Cash and Bank balances	14	250,029,293	121,193,044
Short - Term Loans and Advances	15	8,441,468	5,652,353
Other Current Assets	16	24,685,982	13,909,695
		<u>1,915,122,116</u>	<u>1,153,454,201</u>
TOTAL		<u>2,476,669,969</u>	<u>1,449,392,581</u>

Significant Accounting Policies and Notes to the Accounts

1 to 25

For N.Sankaran & Co
Chartered Accountants
Firm No: 0035905

For and on behalf of the Board



Pattabhiraman
Pattabhiraman
Partner
M. No.022023

Kalpana Sankar
Kalpana Sankar
Managing Director

L. Muralidharan
L. Muralidharan
Director

S. Padmanabhan
S. Padmanabhan
Chief Financial Officer

P. S. Vijayalakshmi
P. S. Vijayalakshmi
Company Secretary

Place: Chennai
Date: 26/06/2015

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	Note	Amounts in Rs.	
		Year ended March 31, 2015	Year ended March 31, 2014
Revenue from Operations:			
Income from Operations	17	351,872,133	249,183,913
Other Income	18	12,906,864	4,026,731
Total Revenue		364,778,997	253,210,644
Expenses:			
Finance Cost	19	181,204,661	107,778,026
Employee Cost	20	97,779,646	80,059,645
Other Operating Expenses	21	28,520,535	22,933,052
Depreciation and Amortization Expenses	8	3,895,660	1,240,285
Provisions and Write-offs	22	8,074,316	2,713,524
Total expenses		319,474,818	214,724,532
Profit/(Loss) before Tax		45,304,179	38,486,112
Tax Expenses			
Current tax		17,475,991	14,123,850
Deferred tax	9	(2,644,458)	(1,697,403)
Short / (Excess) provision written off/(back)		483,352	
Profit (Loss) for the Year		29,989,294	26,059,665
Earnings / (Loss) per Equity Share of Rs.10/- each:	23		
- Basic		2.09	2.19
- Diluted		2.09	2.19

Significant Accounting Policies and Notes to the Accounts

1 to 25

For N.Sankaran & Co
Chartered Accountants
Firm No: 0035905

For and on behalf of the Board



L. Pattabhiraman
L. Pattabhiraman
Partner
M. No. 022023

Kalpna Sankar
Kalpana Sankar
Managing Director

L. Muralidharan
L. Muralidharan
Director

S. Padmanabhan
S. Padmanabhan
Chief Financial Officer

P.S. Vijayalakshmi
P.S. Vijayalakshmi
Company Secretary

Place: Chennai
Date: 26/06/2015

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Cash Flow Statement for the year ended March 31, 2015

Amounts in Rs.

Particulars	2014-15	2013-14
A. CASH FLOW FROM OPERATING ACTIVITIES	45,304,179	38,486,112
Profit Before Tax	3,895,660	1,240,285
Add: Depreciation	(12,175,306)	(3,705,701)
Less: Interest income	165,344,201	99,813,759
Add: Interest paid		
Less: Interest on IT refund	8,074,316	3,795,299
Add: Provisions	(120,115)	
Less: Provisions written back		(12,800)
Less: Profit on sale of asset		
Add: Loss on sale / impairment	<u>210,322,936</u>	<u>139,616,954</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(804,735,015)	(271,345,215)
(Increase) / Decrease in net Receivables under Financing Activities	(1,778,320)	-2,490,520
(Increase) / Decrease in Loans and Advances	(4,211,762)	(1,324,452)
(Increase) / Decrease in Other Current Assets	4,157,210	4,084,571
Increase / (Decrease) in Current Liabilities	<u>(596,244,951)</u>	<u>-131,458,662</u>
Cash (Used in) / From Operations		
	<u>(166,785,812)</u>	<u>(98,383,297)</u>
Less: Interest paid on Bank Borrowings	(17,434,699)	(12,992,831)
Less: Direct Taxes Paid		
Add: Interest on Income tax Refund		
NET CASH (USED IN) / FROM OPERATING ACTIVITIES	(A) (780,465,462)	(242,834,790)
B. CASH FLOW FROM INVESTING ACTIVITIES	(127,625,000)	(50,750,000)
Bank deposits	(7,148,021)	(6,117,579)
Purchase of Fixed Assets (including capital advance for NAV Software)	5,610,781	731,094
Interest on Deposits		12,800
Sale / Compensation for loss of asset		
NET CASH (USED IN) / FROM INVESTING ACTIVITIES	(B) (129,162,240)	(56,123,685)
C. CASH FLOW FROM FINANCING ACTIVITIES		83,942,000
Proceeds from issuance of share capital	1,778,945,858	378,650,968
Proceeds from Long term borrowings		
Proceeds from Short term borrowings	(810,046,841)	(122,607,058)
Repayment of Long term borrowings	1,064,934	(1,635,095)
Repayment of Short term borrowings		
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	(C) 969,963,951	338,355,814
Net increase / (Decrease) in Cash and Cash Equivalents	(A)+(B)+(C) 60,336,249	39,397,339
Cash and Cash Equivalents at the beginning of the Year	103,693,044	64,295,704
Cash and Cash Equivalents at the end of the Year	164,029,293	103,693,044

Significant Accounting Policies and Notes to the Accounts

1 to 25

M. Sankaran & Co
Chartered Accountants
Firm No. 0035905

L. Pattabhiraman
Partner
No. 022023

Place: Chennai
Date: 26/06/2015

For and on behalf of the Board

Kalpana Sankar
Kalpana Sankar
Managing Director

M. Muralidharan
L. Muralidharan
Director

S. Padmanabhan
S. Padmanabhan
Chief Financial Officer

P. S. Vijayalakshmi
P. S. Vijayalakshmi
Company Secretary



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2015

	Amounts in Rs.	
	As at March 31, 2015	As at March 31, 2014
1. SHARE CAPITAL		
Authorised		
Equity Shares:		
2,50,00,000 (2,50,00,000) Equity Shares of Rs.10/- each	250,000,000	250,000,000
Issued, Subscribed & Fully paid up		
14,357,680 (14,357,680) Equity Shares of Rs.10/- each	143,576,800	143,576,800

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

	As at March 31, 2015		As at March 31, 2014	
	No	Amount	No	Amount
Equity Shares				
At the beginning of the year	14,357,680	143,576,800	11,000,000	110,000,000
Issued during the year	-	-	3,357,680	33,576,800
Outstanding at the end of the year	14,357,680	143,576,800	14,357,680	143,576,800

b) Terms/ rights attached to Equity shares

The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share.

Promoters' Shareholding of 99,57,680 (PY. 91,57,680) equity shares of Rs.10/- each which amounts to 69.35% (PY 63.78%) shareholding in the Equity Share Capital of the Company. Transferability of the Promoters' Shareholding is restricted to 43.35%(PY. 37.78%) of their total promoters stake of 69.35% (PY.63.79%) until the successful consummation of QIPO. Shareholding of other Investors are freely transferable.

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.

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

	As at March 31, 2015		As at March 31, 2014	
	No	% holding	No	% holding
Capt.P.K Ayre*	8,754,225	60.97%	7,954,225	55.40%
International Finance Corporation	2,000,000	13.93%	2,000,000	13.93%
Norwegian Microfinance Initiative Frontier Fund KS	1,600,000	11.14%	1,600,000	11.14%
Aavishkaar Goodwell India Microfinance Development Company	800,000	5.57%	800,000	5.57%
Hand In Hand Consulting Services P.Ltd	729,472	5.08%	729,472	5.08%
Swedfund International AB	-	-	800,000	5.57%
TOTAL	13,883,697	96.69%	13,883,697	96.69%

*Managing Trustee, Sarvam Mutual Benefit Trust,Kancheepuram



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2015

	Amounts in Rs		
	As at	As at	
	March 31, 2015	March 31, 2014	
2. RESERVES & SURPLUS			
(a) Securities Premium Reserve:			
Balance at the beginning of the year	128,365,200	78,000,000	
Add: Additions during the year	-	50,365,200	
	<u>128,365,200</u>	<u>128,365,200</u>	
Less: Deductions during the year			
Balance at the end of the year	<u>128,365,200</u>	<u>128,365,200</u>	
Note:			
Balance in Securities Premium account represents Premium on allotment of 85,57,680 equity shares (Previous year 85,57,680 equity shares) comprising:			
a) 52,00,000 equity shares (Previous year 52,00,000 equity shares) International finance Corporation, Washington D. C., USA, Norwegian Microfinance Initiative Frontier Fund KS, Norway, Swedfund International AB, Sweden and Aavishkaar Goodwill India Microfinance Development Company, Mauritius			
b) 33,57,680 equity shares (Previous year 33,57,680) to Dr. Mrs. Kalpana Sankar, Ms. D. Bindhu, Ms. Kamini Dhandapani, Capt. P.K. Ayre Sarvam Mutual Benefit Trust, Kancheepuram and Hand in Hand Microfinance Pvt. Ltd.			
(b) Other Reserves:			
(i) General Reserves	10,000	10,000	
(ii) Statutory Reserve:			
Balance at the beginning of the year	12,456,299	7,244,366	
Add: Amount transferred from surplus in profit and loss statement	5,997,859	5,211,933	
	<u>18,454,158</u>	<u>12,456,299</u>	
Less: Deductions during the year			
Balance at the end of the year	<u>18,454,158</u>	<u>12,456,299</u>	
Note:			
Statutory Reserve represents the Reserve Fund created under Section 45 iC of the Reserve Bank of India Act, 1934.			
(c) Surplus in Profit & Loss Account			
Balance at the beginning of the year	23,570,263	2,722,530	
Add: Profit / (Loss) for the year	29,989,294	26,059,665	
	<u>53,559,557</u>	<u>28,782,195</u>	
Less: Transfer to Statutory Reserve	5,997,859	5,211,933	
	<u>47,561,698</u>	<u>23,570,263</u>	
Total Reserves and Surplus	(a) + (b) + (c)	194,391,056	
		164,401,761	
3. LONG TERM BORROWINGS			
Term Loans			
(i) From Banks - Secured	1,237,208,411	786,890,267	
(ii) From Others - Secured	753,214,594	236,075,332	
	<u>1,990,423,005</u>	<u>1,022,965,599</u>	
Less: Current maturities of Long Term Loan transferred to other Current Liabilities	1,196,171,988	635,031,606	
	<u>794,251,017</u>	<u>387,933,993</u>	
a) Term loans from banks are secured by way of specific charge on receivables created out of the proceeds of the loan			
b) Details of term loans			
Rate of Interest	Maturity	Installment	Amount outstanding
			Long Term
			Current Maturity
Base Rate + Spread	< 1 year	236	1,196,171,988
(2.5% to 5.09%)	1 - 2 years	114	546,902,027
	2 - 3 years	44	235,285,983
	3 - 4 years	10	12,063,007
4. LONG TERM PROVISIONS			
Provision for Standard Receivables under financing activity	19,612,789	11,817,656	
Provision for Loan to Staff	1,332	-	
	<u>19,614,121</u>	<u>11,817,656</u>	



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2015

Amount in Rs.

	As at March 31, 2015	As at March 31, 2014
5. SHORT TERM BORROWINGS		
Loans repayable on demand		
From Banks - Cash Credit facility - Secured		
State Bank of India, Chennai	95,691,944	94,677,011
(Secured by hypothecation of Receivables under Financing activity created out of the Cash Credit facility)		
	<u>95,691,944</u>	<u>94,677,011</u>
6. OTHER CURRENT LIABILITIES		
Current maturities of Term Loans from Banks	1,196,171,988	635,031,606
Dues to:		
Employees	72,952	95,660
Statutory Authorities	2,524,778	1,561,716
Others	7,340,377	5,807,300
	<u>1,206,110,095</u>	<u>642,496,282</u>
7. SHORT TERM PROVISIONS		
(a) Provision for Employee benefits		
Provision for Gratuity	1,569,904	181,213
Provision for Bonus	3,192,690	2,897,242
(b) Others		
Provision for Non Performing Receivables under Financing activity	770,732	518,500
Provision for Taxation	17,475,991	942,123
Provision for Loan to staff	25,619	
	<u>23,034,936</u>	<u>4,539,078</u>
9. DEFERRED TAX ASSETS (NET)		
Deferred Tax Asset		
Provision for Receivables under Financing activity	6,622,061	4,002,466
Fee paid for increase of Authorised capital	32,445	64,890
Interest disallowable U/S 43B	678,977	959,284
	<u>7,333,483</u>	<u>5,026,640</u>
(A)		
Deferred Tax Liability		
On account of Fixed Assets	-132,168	205,447
	<u>-132,168</u>	<u>205,447</u>
(B)		
Net Deferred Tax Asset (A) - (B)	<u>7,465,651</u>	<u>4,821,193</u>
Movement in Deferred Tax Asset	2,644,458	1,697,403



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2015

Amount in Rs.

Description	Gross Block				Depreciation			Net Carrying Value			
	As at 01.04.2014	Additions	Deletions	As at 31.03.2015	Upto 31.03.2014	Depreciation for previous Year	For the year ended 31.03.2015	Withdrawn	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
Tangible Assets											
Furniture and Fixtures	798,864	218,251	-	1,017,115	519,695	22,139	189,225	-	731,059	286,056	279,169
Vehicles	58,568	-	-	58,568	13,016	212	5,582	-	18,810	39,758	45,552
Office Equipment	731,580	250,314	-	981,894	447,814	95,531	104,491	-	647,836	334,058	283,766
Computers	3,497,522	1,264,564	-	4,762,086	2,256,222	323,213	600,734	-	3,180,168	1,581,918	1,241,300
Previous Year	5,086,534	1,733,129	43,100	6,819,663	3,236,747	441,095	900,032	43,100	4,577,873	2,241,790	1,849,787
	4,074,575	1,055,059	43,100	5,086,534	2,435,111	-	844,736	-	3,236,747	1,849,787	1,639,464
Intangible Assets											
Computer Software	7,116,733	5,414,892	-	12,531,625	5,250,196	794,233	1,760,301	-	7,804,730	4,726,894	1,866,536
Previous Year	7,116,733	5,414,892	7,116,733	12,531,625	5,250,196	794,233	1,760,301	395,549	5,250,196	4,726,894	1,866,536
	6,049,315	1,067,418	-	7,116,733	4,854,647	-	-	-	-	1,866,536	1,194,668
Grand Total	12,203,267	7,148,021	43,100	19,351,288	8,486,943	1,235,327	2,660,333	43,100	12,382,603	6,968,684	3,716,323
Capital Work In Progress											
Previous Year	12,203,267	9,998,340	43,100	22,201,607	8,486,943	1,235,328	2,660,333	43,100	12,382,603	9,819,003	3,716,323
	10,123,890	2,122,477	43,100	12,203,267	7,289,758	-	1,240,285	-	8,486,943	3,716,323	2,834,132

Note:

Depreciation charged to the profit and loss account

Pursuant to the applicability of The Companies Act 2013 ("the Act") with effect from 1st April 2014, depreciation on fixed assets for the year has been calculated based on the useful life of the asset as required by schedule II of the Act (refer our policy No 4 under note No 24 on depreciation). Accordingly the carrying amount of assets as on 1st April, 2014 has been depreciated over the remaining revised useful life of the asset. Consequently the depreciation for the year ended 31st March, 2015 is charged higher to the extent of Rs. 14,19,077/-.



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2015

	As at March 31, 2015	As at March 31, 2014
10. RECEIVABLES UNDER FINANCING ACTIVITY		
<u>Unsecured - Long term</u>		
Micro Finance Loans:		
Long term maturities of Receivables under Financing Activity transferred from Receivables under Financing Activity	406,386,750	220,918,000
	<u>406,386,750</u>	<u>220,918,000</u>
11. LONG-TERM LOANS AND ADVANCES		
<u>Unsecured, Considered good unless otherwise stated</u>		
Other Loans and Advances	290,134	156,146
TDS Receivable and Advance Tax	16,211,315	81,616
Capital advance for Purchase of NAV Software	-	3,995,102
	<u>16,501,449</u>	<u>4,232,864</u>
12. OTHER NON CURRENT ASSETS		
Ear-marked Bank Balances transferred from Current Assets (Cash Collateral towards assignment of receivables)	121,375,000	62,250,000
	<u>121,375,000</u>	<u>62,250,000</u>
13. RECEIVABLES UNDER FINANCING ACTIVITY		
<u>Unsecured - Short term</u>		
Micro Finance Loans (Gross Loan Portfolio)	<u>2,038,352,123</u>	<u>1,233,617,109</u>
<u>Note:</u>		
1. The above Micro Finance Loans have been granted under SHG & JLG Scheme (SHG & JLG women).		
2. <u>Of the above:</u>		
- Considered Good	2,037,567,391	1,233,057,109
- Non Performing Receivables under Financing activity as per Company's Provisioning Norms	784,732	560,000
3. Loss assets - Receivables under Financing activity as per Company's Provisioning Norms		
Less: Long term maturities of Receivables under Financing Activity transferred to Receivables under Financing Activity	406,386,750	220,918,000
Less: Loss assets - Receivables under Financing activity as above transferred to Provisions and Write offs		
	<u>1,631,965,373</u>	<u>1,012,699,109</u>



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2015

	As at March 31, 2015	As at March 31, 2014
14. CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on Hand	3,644,802	1,881,017
Balances with Scheduled Banks:		
- In Current Accounts	130,384,491	101,812,027
- In Deposit Accounts	30,000,000	-
	<u>164,029,293</u>	<u>103,693,044</u>
Other Deposit Balances (Ear-marked)		
- In Deposit Accounts	207,375,000	79,750,000
Less: Transferred to other Non Current assets	121,375,000	52,250,000
	<u>250,029,293</u>	<u>121,193,044</u>
15. SHORT-TERM LOANS AND ADVANCES		
Unsecured, Considered good unless otherwise stated		
Other Loans and Advances		
Travel Advance to Staff	40,284	142,913
Loan to Staff	2,561,885	1,712,957
Other Advances	2,688,927	1,431,029
Rent Deposits	2,992,929	2,056,750
Service Tax Recoverable	157,443	308,704
	<u>8,441,468</u>	<u>5,652,353</u>
16. OTHER CURRENT ASSETS		
Considered Good		
Interest accrued but not due		
- on Loans to Borrowers	13,764,246	9,552,484
- on Deposit	10,921,736	4,357,211
	<u>24,685,982</u>	<u>13,909,695</u>



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2015

	Year ended March 31, 2015	Year ended March 31, 2014
17. INCOME FROM OPERATIONS		
(a) Interest	328,830,275	235,561,829
(b) Other Financial Services		
- Processing fees	22,855,770	13,149,000
	186,088	473,084
(c) Recovery of Bad debts		
	351,872,133	249,183,913
18. OTHER INCOME		
(a) <u>Interest:</u>		
Interest on Deposits	12,175,306	3,705,701
Other Interests	731,556	308,230
(b) <u>Others:</u>		
Other non-operating income	2	12,800
	12,906,864	4,026,731
19. FINANCE COSTS		
Interest on Loans:		
- Term Loans	93,139,828	75,488,412
- Cash Credit facility	6,718,373	7,855,593
- Others	65,486,000	16,469,754
Loan Processing Fees	15,313,220	7,500,264
Bank charges	361,642	257,402
Loan Documentation & Inspection charges	185,598	206,601
	181,204,661	107,778,026
20. EMPLOYEE COSTS		
Salaries, Wages and Bonus	89,786,158	75,222,221
Contribution to Provident and Other Funds	6,604,331	3,828,885
Staff Welfare expenses	1,389,157	1,008,539
	97,779,646	80,059,645
21. OTHER OPERATING EXPENSES		
Rent	5,278,790	4,515,506
Electricity charges	548,464	576,277
Rates and Taxes	984,128	436,920
Insurance	1,079,700	939,035
Repairs and Maintenance	2,137,829	1,512,686
Travelling & Conveyance **	4,753,415	3,607,075
Communication expenses	1,405,509	1,414,456
Printing & Stationery	3,431,512	2,408,562
Postage & Courier	321,873	246,008
Business Promotion expenses	2,638,460	1,968,494
Legal & Professional charges	3,462,631	3,677,349
Other expenses	1,628,784	775,684
Auditor's Remuneration:		
- Statutory Audit*	675,000	675,000
- Tax Audit*	125,000	125,000
For Management Services		
- Certification fees	49,440	55,000
For reimbursement of expenses		
* excluding Service tax		
	28,520,535	22,933,052

**Traveling includes Foreign travel of Rs.1,49,550/-



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2015

22. PROVISIONS AND WRITE-OFFS		
Provision for Standard Receivables under Financing Activity (Net)	8,047,365	2,713,524
Provision for Advance to staff	-	
Provision for Loan to staff	26,951	
Loss Assets written off	-	
	8,074,316	2,713,524
* Refer Note No.8 for provisioning schedule		
23. EARNINGS (LOSS) PER SHARE		
Profit after tax	29,989,294	26,059,665
Weighted average number of equity shares	14,357,680	11,901,514
Earning per Share (Rs.)		
- Basic	2.09	2.19
- Diluted	2.09	2.19
- Face Value per share (Rs.)	10	10



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2015

24. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with Revised Schedule VI to the Companies Act, 2013 applicable from 01st April 2014.

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 2013 ("the Act"). The financial statements have been prepared under the historical cost convention on an accrual basis except interest/discount on a loan which have been classified as Non-Performing Assets (NPA) and is accounted for on cash basis.

The company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India (RBI) for Systemically Important Non-Deposit taking Non-Banking Finance Companies (NBFC-ND-SI) or more stringent norms as indicated by item no. 10 below.

2. Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period like provision for employee benefits. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results may vary from these estimates.

3. Revenue Recognition

- i. Interest charges on loans given to borrowers are recognized on reducing balance method.
- ii. Loan Processing Fees charged to borrowers are recognized upfront in the year of receipt.
- iii. Interest income on deposits with banks is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv. All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization /collection.
- v. In respect of contracts in respect of loans that have become NPA, interest has been recognized only to the extent collected.



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2015

4. Fixed Assets and Depreciation

- i. Fixed assets are stated at costs less accumulated depreciation. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the asset
- ii. Depreciation on fixed assets is provided using the Straight Line method over the estimated useful life of each assets as determined by the management. The useful life estimates prescribed in part C of schedule II of the Companies Act, 2013 are generally adhered to except in respect of asset classes where, based on technical evaluation, a different estimate of useful life considered suitable. Pursuant to this policy the useful life of assets is estimated at:-

Asset Categories	Useful life	Residual Value
Furniture and Fixtures	10 years	2%
Vehicles	10 years	2%
Office Equipment	5 years	2%
Computers	3 years	5%
Computer Software	3 years	5%

- iii. Individual Fixed Assets costing Rs.5,000/- or less are fully depreciated in the year of purchase.

5. Receivables under Financing activity

All loan exposures to borrowers stated at the full agreement value after netting off installments appropriated up to the year-end

6. Taxes on income

Income Tax is computed in accordance with Accounting Standard 22 (AS-22) 'Accounting for Taxes on Income'. Tax expenses are accrued in the same period as the revenue and expenses to which they relate.

Provision for current income tax is made on the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws. The differences between taxable income and the net profit/loss before tax for the year as per the financial statements are identified and the tax effect of the deferred tax asset or deferred tax liability is recorded for timing differences, i.e., differences that originate in one accounting period and reversed in another. The tax effect is calculated on accumulated timing differences at the end of the accounting year based on applicable tax rates. Deferred tax assets/liabilities are reviewed as at each Balance Sheet date.

Deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2015

7. Retirement and other Employee Benefits

i. **Defined Contribution Plan:**

Provident Fund: Contributions to the Employees Provident Fund Scheme maintained by the Central Government are accounted for on an accrual basis.

ii. **Defined Benefit Plan:**

Gratuity: Gratuity is accounted for based on actuarial valuation, as at the Balance Sheet date, made through Life Insurance Corporation of India group gratuity fund.

8. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation. There are no Contingent Liabilities and Contingent Assets as at 31st March 2015.

9. Processing Fees – loans from banks

Processing Fees Paid on Loans borrowed from Banks and Financial Institutions are recognized as expense upfront at the time of payment.

10. Classification & Provisioning of Loan Portfolio:

The Reserve Bank of India (RBI) has issued Circular DNBS.PD.No.234/CGM(US)-2011 dated December/02/2011, specifying norms for the classification and provisioning of assets. These norms are mandatory for all NBFC – MFIs effective April 01, 2012. The Company started following these classification and provisioning norms with effect from 1st April 2011 and is consistently following the same.

Asset Classification Norms:

- i) Standard asset means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business;
- ii) Non-Performing asset (NPA) means an asset for which interest/principal payment has remained overdue for a period of 90 days or more and includes the total Principal outstanding in respect of individual borrowers for whom interest/principal repayment has remained overdue for a period of 90 days or more.



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2015

Provisioning Norms:

- a) In respect of Micro-loans lent to members in Self Help Groups, though the repayment of principal and interest by members belonging to the SHG could be tracked individually, by and large, based on the Group cohesiveness and collective responsibility amongst the members inter-se, the provision for Non-Performing assets is made for the total Principal outstanding of the SHG as a whole as under:

1% of the Outstanding Loan Portfolio of the SHG (A)

OR

50% of the total Principal outstanding in respect of the SHG wherein an individual borrower for whom interest/principal repayment has remained overdue for a period of 90 days or more

and

100% of the total Principal outstanding in respect of the SHG wherein an individual borrower for whom interest/principal repayment has remained overdue for a period of 180 days or more

(A) or (B) whichever is higher

- (b) In respect of Micro-loans lent to members in Joint Liability Groups, the repayment of principal and interest by members belonging to the JLG are tracked individually, as the members are individually responsible for the repayment of the installments. Hence the provision for Non-Performing assets is made for the total Principal outstanding of the individual borrower as under:

1% of the Outstanding Loan Portfolio of the JLG (A)

OR

50% of the total Principal outstanding in respect of an individual borrower for whom interest/principal repayment has remained overdue for a period of 90 days or more

and

100% of the total Principal outstanding in respect of an individual borrower for whom interest/principal repayment has remained overdue for a period of 180 days or more

(A) or (B) whichever is higher



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2015

11. Service Tax Input Credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and is expensed when there is no uncertainty in availing / utilizing the same.

As per our report of even date attached

For N.Sankaran & Co
Chartered Accountants
Firm No: 0035905



L. Pattabhiraman
L. Pattabhiraman
Partner
M. No.022023

For and on behalf of the Board

Kalpana Sankar
Kalpana Sankar
Managing Director

L. Muralidharan
L. Muralidharan
Director

S. Padmanabhan
S. Padmanabhan
Chief Financial Officer

Place: Chennai
Date: 26.06.2015

P.S. Vijayalakshmi
P S Vijayalakshmi
Company Secretary

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2015

25. OTHER NOTES TO ACCOUNTS

1. Managerial Remuneration

Managing Director

Amount in Rs.

Particulars	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Salaries and Allowances	39,15,000	39,11,500
Employer Contribution to Provident Fund	16,500	9,360
TOTAL	39,31,500	39,20,860

Notes:

Actuarial valuation based contribution / provision with respect to gratuity and compensated absences have not been included as these are computed for the Company as the whole.

2. Micro Enterprises and Small Enterprises

Based on and to the extent on information received by the Company from the Suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act) there are no amounts due to the suppliers registered under MSMED Act, 2006.

3. Expenditure in Foreign Currency

The total foreign travel expenditure for the FY 2014-15 is Rs.1,49,550/- (PY.Nil)

4. Computer Software

The company is in the process of development of Micro soft based NAV 2013 software to take care of financial requirements for which capital advance of Rs.28.50 Lakhs is already paid during the year. Estimated amount of contract remaining to be executed on capital account not provided for Rs.44 Lakhs.

5. Segment Information

The Company is primarily engaged in the business of Micro Financing. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographical segments other than India. As such there are no separate reportable segments as AS -17 "Segment Reporting".



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2015

6. Gratuity

The Company estimates the liability of gratuity fund based on the actuarial valuation determined as at the period end.

Particulars	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Projected Benefit Obligation at the beginning of the Year / Period	2,334,984	1,854,667
Service Cost	770,806	766,981
Interest Cost	212,191	152,083
Actuarial (Gains) /Losses	1,716,510	(438,747)
Benefits Paid / Charges deducted	-6,423	
Projected Benefit Obligation at the end of the Year / Period	5,028,068	2,334,984
Change in Plan Assets		
Fair value of plan assets as at the beginning of the period	2,153,771	1,314,040
Expected Returns on Plan Assets at the Beginning of the Year / Period	234,728	132,869
Employer's Contribution	1,064,081	6,93,657
Benefits Paid / Charges deducted	-6423	
Actuarial Gains /(Losses)	12,008	13,205
Fair Value on Plan Assets at the end of the Year / Period	3,458,164	2,153,771
Cost of the defined Benefit Plan for the Year / Period		
Current Service Cost	770,806	766,981
Interest on Obligation	212,191	152,083
Expected Return on Plan Assets	(234,728)	(132,869)
Net Actuarial (Gains) /Losses recognized in the Year End / Period	1,704,502	(451,951)
Net Cost Recognized in the Profit and Loss account	2,452,772	334,243
Assumptions		
Discount Rates	7.80%	9.10%
Future Salary Increase	6.00%	6.00%
Expected Rate Of Return on Plan Assets	9.00%	8.75%



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2015

Note:

The estimate of future salary increase takes into account inflation, Seniority, Promotion and other relevant factors.

7. Related Party Disclosures (As per AS – 18)

Name of Related Parties and Nature of Relationship (with respect to parties with whom the company had transactions during the Year / Period)

Nature of Relationship	Name of the Party	
	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Key Management Personnel	Dr. Mrs. Kalpana Sankar	Dr. Mrs. Kalpana Sankar
Relative of Key Management Personnel	Ms. D. Bindhu (sister of Dr. Mrs. Kalpana Sankar) Ms. Kamini Dhandapani (sister of Dr. Mrs. Kalpana Sankar)	Ms. D. Bindhu (sister of Dr. Mrs. Kalpana Sankar) Ms. Kamini Dhandapani (sister of Dr. Mrs. Kalpana Sankar)
Entities Holding Substantial Interest	Sarvam Mutual Benefit Trust, Kancheepuram	Sarvam Mutual Benefit Trust, Kancheepuram
Entities where Company has Control	-	-
Entities where Key Management Personnel are interested	<u>Dr. Mrs. Kalpana Sankar</u> 1. Hand in Hand Consulting Services P.Ltd - Director 2. Hand in Hand Inclusive Development & Services - Chairperson 3. Hand in Hand India – Chair Person & Managing Trustee 4. Socio Economic and Educational Development Trust – Chairperson	<u>Dr. Mrs. Kalpana Sankar</u> 1. Hand in Hand Consulting Services P.Ltd - Director 2. Hand in Hand Inclusive Development & Services - Chairperson 3. Hand in Hand India – Chair Person & Managing Trustee 4. Socio Economic and Educational Development Trust - Chairperson

Note:

Related Party relationships are as Identified by the Management and relied upon by the Auditors.

Transactions with Related Parties

Amount in Rs.

Transaction	Related Party	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Issues of Equity Shares	Hand in Hand Consulting Services P.Ltd	-	2,751,010
	Sarvam Mutual Benefit Trust, Kancheepuram	-	-
	Ms. D. Bindhu (sister of Dr. Mrs. Kalpana Sankar)	-	1,46,480



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2015

Transaction	Related Party	For the Year ended 31 March 2015	For the Year ended 31 March 2014
	Ms. Kamini Dhandapani (sister of Dr. Mrs. Kalpana Sankar)	-	1,22,060
	Dr. Mrs. Kalpana Sankar	-	5,60,000
Interest paid	Hand in Hand Consulting Services P.Ltd	-	-
	Sarvam Mutual Benefit Trust, Kancheepuram	-	-
Reimbursement of Expenses	Hand in Hand India		
	▪ Total debits	4,36,463	10,022
	▪ Total credits	5,000	5,022

8. Loan Portfolio and Provisions for standard and Non-performing Assets

Asset Classification	Amount in Rs.		
	Loans Outstanding as at 31 st March 2015 (Gross)	Provisions for Assets as at 31 st March 2015	Loans Outstanding as at 31 st March 2015 (Net)
Standard Assets	2,037,565,174	19,612,789	2,017,952,385
Non Performing Assets	784,732	770,732	14,000
Total	2,038,349,906	20,383,521	2,017,966,385

Changes in Provisions

Particulars	Amount in Rs.			
	As at 01 st April 2014	Additional Provision	Utilization / Reversal	As at 31 st March 2015
Provision for Standard Assets Receivables under Financing Activity	11,817,656	7,795,133	-	19,612,789
Provision for Non-performing Receivables under Financing Activity	518,500	252,232	-	770,732
Total	12,336,156	8,047,365	-	20,383,521

9. Disclosure of Capital adequacy and Liquidity

The Company is not a systemically Important Non-deposit taking NBFC (ND-NBFC) as at 31st March 2015. However following the best practices in the industry information as per the RBI guidelines for the Systemically Important Non-Deposit taking Non-Banking Financing Companies (ND-NBFC) as regards



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
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Capital Adequacy, Liquidity and Disclosure Norms issued by the Reserve Bank of India on 1st August 2008 is disclosed.

A. Disclosure Pursuant to Reserve Bank of India D NBS.193 DG (VL) – 2007 dated 22 February 2007:

S. No	Particulars	As at 31 st March 2015	
		Amount Outstanding in Rs.	Amount Over Due in Rs.
	Liabilities :		
(1)	Loans and advances availed by the NBFC inclusive of interest accrued there on not paid:		
(a)	Debentures		
	-Secured	Nil	Nil
	-Unsecured	Nil	Nil
	(Other than failing within the meaning of Public deposits)		
(b)	Deferred Credits	Nil	Nil
(c)	Term Loans	1,990,423,005	Nil
(d)	Inter-Corporate Loans and Borrowings	Nil	Nil
(e)	Commercial Paper	Nil	Nil
(f)	Other Loans (Nature of other Loans, CC etc.)	95,691,944	Nil
		2,086,114,949	Nil

S. No	Particulars	Amount Outstanding as On 31 st March 2015 in Rs.
	Assets	
(2)	Breakup of Loans and Advances including Bills Receivables [Other than those included in (3) below] :	
(a)	Secured	Nil
(b)	Unsecured (including Interest accrued Rs. 13,764,246 and Other Loans Rs. 2,695,119)	2,054,809,271
(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	Nil
	(b) Operating Lease	Nil
(ii)	Stock on fire including Hire charges under Sundry Debtors:	
	(a) Assets on Hire	Nil
	(b) Repossessed Assets	Nil
(iii)	Other Loans counting towards AFC activities	
	(a) Loans where Assets have been Repossessed	Nil
	(b) Loans Other than (a) above	Nil
(4)	Breakup of investments	
	Current Investments	



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I	Quoted:	
(i)	Shares : (a) Equity	Nil
	(b) Preference	Nil
(ii)	Debentures and Bonds	Nil
(iii)	Units of Mutual Fund	Nil
(iv)	Government Securities	Nil
(v)	Others (Please Specify)	Nil
II	Unquoted:	
(i)	Shares : (a) Equity	Nil
(ii)	(b) Preference	Nil
(iii)	Debentures and Bonds	Nil
(iv)	Units of Mutual Fund	Nil
(v)	Government Securities	Nil
	Others (Please Specify)	Nil
	Long Term Investments	
I	Quoted:	
(i)	Shares : (a) Equity	Nil
	(b) Preference	Nil
(ii)	Debentures and Bonds	Nil
(iii)	Units of Mutual Fund	Nil
(iv)	Government Securities	Nil
(v)	Others (Please Specify)	Nil
II	Unquoted:	
(i)	Shares : (a) Equity	Nil
	(b) Preference	Nil
(ii)	Debentures and Bonds	Nil
(iii)	Units of Mutual Fund	Nil
(iv)	Government Securities	Nil
(v)	Others (Please Specify)	Nil

(5) Borrower Group-Wise classification of Assets financed as in (2) and (3) above				
S. No	Category	Net of provisions as at 31 March 2015 (Amount in Rs.)		
		Secured	Unsecured	Total
1	Related Parties	Nil	Nil	Nil
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the Same Group	Nil	Nil	Nil
	(c) Other Related Parties	Nil	Nil	Nil
2.	Other than Related Parties	Nil	2,017,966,385	2,017,966,385
	Total		2,017,966,385	2,017,966,385

(6)	Investor Group-Wise classification of all Investments (Current and Long-term) in Shares and Securities (both quoted and unquoted) :
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BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2015

	Category	Market value / Breakup Value or Fair Value or Net Asset Value	Book Value (Net of Provisioning)
1.	Related Parties	Nil	Nil
(a)	Subsidiaries	Nil	Nil
(b)	Companies in the Same Group	Nil	Nil
(c)	Other Related Parties	Nil	Nil
2.	Other than Related Parties	Nil	Nil
	Total	Nil	Nil

(7)	Other Information	Amount outstanding as at March 31, 2015
(i)	Gross Non-Performing Assets	
	Related Parties	Nil
	Other than Related Parties	784,732
(ii)	Net Non-Performing Assets	
	Related Parties	Nil
	Other than Related Parties	14,000
(iii)	Assets Acquired in Satisfaction Debt	
	Related Parties	Nil
	Other than Related Parties	Nil

B. Disclosure pursuant to RBI Notification DNBS.200/CGM(PK)-125/03.05.00/2008 dated August 01, 2008

i. Capital Adequacy Ratio

Particulars	Amount in Rs.	
	As at 31 st March 2015	As at 31 st March 2014
Tier I Capital	324,633,490	300,347,367
Tier II Capital	19,612,789	11,817,656
Total Capital	344,246,279	312,165,023
Total Risk Weighted Assets	2,284,158,312	1,337,124,842
Capital Ratios		
Tier I Capital as a Percentage of Total Risk weighted Assets (%)	14.21%	22.46%
Tier II Capital as a Percentage of Total Risk weighted Assets (%)	0.86%	0.88%
Total Capital (%)	15.07%	23.35%

As the asset base is below Rs. 500 crores as per RBI Notification DNBR (PD) CC no 002/3.10.001/2014-15 dated 10/11/2014 leverage ratio works out to 6.33 which is below the prescribed ratio of 7.

ii. Exposure to Real Estate Sector both Direct and Indirect

Category		As at 31 st March 2015	As at 31 st March 2014
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; (Individual housing loans up to Rs.15 lakh may be shown separately)	Nil	Nil



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2015

	(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;	Nil	Nil
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a.	Residential,	Nil	Nil
	b.	Commercial Real Estate	Nil	Nil
b)	Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil	

iii. Asset Liability Management

Maturity Pattern of Certain Items of Assets and Liabilities as at March 31, 2015

Rs in Lakhs

	Up to 1 Month	Over 1 Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Month to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5Years	Over 5 Years	Total
Liabilities									
Borrowing from Banks	358.07	235.46	362.46	1708.92	4294.39	6286.36	83.33	-	13,328.99
Market Borrowings	604.91	610.41	597.78	1784.92	2263.31	1633.53	37.30	-	7532.16
Total	977.98	845.87	960.24	3493.84	6557.70	7919.89	120.63	-	20861.15
Assets									
Receivables under Financing activity	1395.73	1732.84	1695.75	4574.27	6925.38	4059.53	-	-	20383.50
Loan to staff	2.91	2.80	2.77	7.92	9.21	1.34	-	-	26.95
Investment	300.00	-	-	272.50	587.50	1213.75	-	-	2373.75
Total	1698.64	1735.64	1698.52	4854.69	7522.09	5274.62	-	-	22784.20

10. Disclosure of Frauds reported during the year vide DNBS.PD.CC.283/03.10.042/2012-13 dated July 02, 2012



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2015

There are no frauds during the financial year 2014-15.

11. Disclosure pursuant to RBI Notification DNBS (PD)CC.No.300/03.10.038/2012-13 dated August 03, 2012 and DNBS (PD) CC No 369/03.10.038/2013-14 dated February 07, 2015.

KEY RATIOS :			
I		Total Income from GLP on Qualified Assets)	25.51
II		Effective Cost of Borrowing	16.23
		Margin	9.28

12. MFI 2 rating was obtained from CARE during April 2015 which is valid for this year. The rating for the previous year was Mfr4 from Crisil.

As per our report of even date attached

For N.Sankaran & Co
Chartered Accountants
Firm No: 0035905



[Signature]
Pattabhiraman
Partner
M. No. 022023

For and on behalf of the Board

[Signature]
Kalpana Sankar
Managing Director

[Signature]
L. Muralidharan
Director

[Signature]
S. Padmanabhan
Chief Financial Officer

Place: Chennai
Date: 26.06.2015

[Signature]
P S Vijayalakshmi
Company Secretary