

# Belstar

Investment and Finance Private Limited  
ANNUAL REPORT 2017 - 18

Agriculture or agricultural labour has been the mainstay for majority of rural households. Average land holding, that has been steadily reducing over the years, is currently a little above one acre. (State of Indian Agriculture, Government of India, 2015-16) Agriculture is mostly rain fed enabling just one crop and rarely two crops in a year for majority of the households. Agriculture, besides being unsustainable, provides only seasonal employment for farmers and farm labourers, who are forever in search of alternative subsidiary employment to augment their household income.

With a rise seen in migration of men from rural to urban areas, we are witnessing increasing 'feminisation' of agriculture sector, as the number of women in multiple roles such as cultivators, entrepreneurs and labourers is increasing, according to the Economic Survey 2017-18 released early this financial year.

Rural women are also responsible for managing the daily household needs for natural resources, such as fetching water and firewood as well as attending to household chores including cooking, cleaning, looking after the children and the elderly. Hence their choice of alternative employment opportunities is limited to those that can be accessed from home.

With credit and skill trainings, Belstar facilitates access to suitable trades for women such as dairy farming, mushroom cultivation, tailoring, making jewelry and other hand-crafts, thereby helping them fill the employability gap and add to their family kitty.

# Belstar

Investment and Finance Private Limited



**ANNUAL REPORT 2017 - 18**



Orientation programmes are conducted at a time and place convenient to the SHG members

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## CORPORATE INFORMATION

### Board of Directors

Dr. Kalpanaa Sankar, Managing Director  
Dr. N. Jeyaseelan, Promoter Director  
Mr. K. R. Bijimon, Investor Director  
Mr. George M. Alexander, Investor Director  
Mr. George M. Jacob, Investor Director  
Mr. A. Subramanian, Independent Director  
Mr. A. Srinivasan, Independent Director

### Company Secretary

Mr. Sunil Kumar Sahu

### Statutory Auditors

N. Sankaran & Co.

### Partners

Muthoot Finance Limited  
Hand in Hand Consulting Services Private Limited  
Sarvam Financial Inclusion Trust

### Bankers & Financiers

Andhra Bank  
AU Small Finance Bank  
Axis Bank  
Bandhan Bank  
Bank of Bahrain and Kuwait  
Bank of Baroda  
Bank of India  
Bank of Maharashtra  
Canara Bank  
Catholic Syrian Bank  
Dena Bank  
Dhanlaxmi Bank  
Equitas Small Finance Bank  
Hero FinCorp  
Hinduja Leyland Finance  
IDBI Bank

IDFC Limited  
IFMR Capital Indian Bank  
Karnataka Bank Ltd.  
Kotak Mahindra Bank  
Lakshmi Vilas Bank  
Mahindra Finance  
MAS Financial Services  
Mudra  
Nabakisan Finance Limited  
OIKO Credit  
Oriental Bank of Commerce  
Pallavan Grama Bank  
Puduvai Bharathiar Grama Bank  
RBL Bank  
SIDBI  
South India Bank  
State Bank of India  
Sydicate Bank  
UCO Bank  
United Bank of India  
Vijaya Bank  
YES Bank  
Woori Bank

### Credit Bureau

CRIF HIGHMARK  
Equifax  
Experian  
CIBIL

### Associates

MFIN  
AKMI

### Debenture Trustees

IDBI Trusteeship Services Ltd  
VISTRA ITCL  
BEACON Trusteeship

## **Vision**

To be a socially responsible microfinance institution that actively contributes to the financial inclusion process by adhering to responsible financing practices

## **Mission**

To financially empower women and help them build and manage sustainable livelihoods

# **A MILLION JOBS A MILLION SMILES**

## **Goal**

To provide financial inclusion to micro entrepreneurs

## **Values**

Integrity,  
Professionalism,  
Accountability,  
Transparency,  
Team Work

# AWARDS AND OTHER ACHIEVEMENTS

## AWARDS





## CORPORATE HIGHLIGHTS

<b>Customer Account</b>		<b>PAT (in Cr)</b>		<b>Own Branches</b>	
FY 2013	FY 2018	FY 2013	FY 2018	FY 2013	FY 2018
93,488	490,198	1.38	33.66	57	234
<b>Employees</b>		<b>Total Revenue (in Cr)</b>		<b>Balance Sheet Size (in Cr)</b>	
FY 2013	FY 2018	FY 2013	FY 2018	FY 2013	FY 2018
450	1783	22.78	218.90	108.21	1341.98
<b>AUM (in Cr)</b>		<b>Capital Adequacy Ratio</b>		<b>Disbursement (in Cr)</b>	
FY 2013	FY 2018	FY 2013	FY 2018	FY 2013	FY 2018
96.23	1,137.06	20.11	18.14	115.16	1,280.61
<b>Shareholders' Fund (in Cr)</b>		<b>PBT (in Cr)</b>		<b>Net NPA (in %)</b>	
FY 2013	FY 2018	FY 2013	FY 2018	FY 2013	FY 2018
19.8	159.48	2.05	49.56	0.01	0.31

## COMPETITIVE ADVANTAGE

<b>Products</b>	<b>Branch Outreach (March 2018)</b>	<b>Growth in PAT (in 5 years)</b>
25+	234	2339 %
<b>Growth in Revenue (In 5 years)</b>	<b>Customer Accounts (March 2018)</b>	
861%	4.9+ Lakh	

## GRADING AND RATING

TABLE 1 GRADING AND RATING FOR BELSTAR

RATING AGENCY	INSTRUMENT	Rating	Limit in Rs Cr
CARE	Long Term Bank Facilities	CARE A	1100
	Long Term Debt	CARE A	400
	Subordinated Debts	CARE A-	90
	Long Term Debt	CARE A-(RPS)	50
ICRA	Long Term Debt	ICRA A	70
	Subordinated Debts	ICRA A	30
CARE	MFI Grading	MFI 2+	
ICRA	COCA Grading	C2	

## MESSAGE FROM THE MANAGING DIRECTOR

The year 2017-18 has been a very exciting year for Belstar!

The company has grown exponentially from 155 branches to 234 and its Gross Loan Portfolio from ₹576 Cr to ₹1137 Cr during this year. Employee count has increased from 1093 to 1783. We have moved into the state of Chattisgarh and with this Belstar is now operating in eight states/UT's. Further, operations have commenced in Gujarat and Rajasthan during Q-1 of FY 18-19. PBT has gone up by 210% from ₹15.96 Cr to 49.55 Cr, PAT has gone up from ₹10.44 Cr to ₹ 33.66 Cr an increase of 223% and the topline has grown to ₹218.90 Cr with an increase of 111.7% in the year.

The key highlights of Belstar for the current year have been:

- Belstar established Centralized Operations Centers (COC) at Chennai and Karnataka to enable continuous monitoring and to ensure quality of loans disbursed. This also reduces routine work at the branches allowing them to focus on business growth and portfolio quality.
- The company has strengthened the Joint Liability Group (JLG) model of loan disbursement. Currently, one fifth of the borrowers belong to JLGs and 15% of disbursements are received by JLG members.
- The year witnessed a smooth migration of IT software to a single platform, namely Jayam e-FIMO, for both SHG and JLG verticals. The launch of tablets to improve performance and minimize errors in data collection has been successful. This also allows us to track the movements of the staff on the field.
- Belstar continues to grow with good portfolio and the PAR is well below the industry average owing to the credit plus initiatives.
- The Internal Audit, Treasury Management and Risk Management teams have been strengthened significantly.
- As a risk mitigation strategy, Belstar has ensured a CIBIL check for all employees at the time of recruitment. Existing employees with poor scores are being counselled.
- Securitization has been done due to the availability of free pool in the books resulting in better ROE to Belstar.
- New products including consumer goods loans, increased first cycle loans and small enterprise loans have attracted good quality customers to Belstar and we have kept a close liaison with our customers by responding to genuine issues quickly.
- Belstar has prepared training content for training the staff and conducting induction training pan-India with support from vendors. We have also developed an in-house credit plus team to verify the loan utilization. The team members also act as customer relationship managers helping the clients to link up with many other initiatives touching upon their lives. Through this process over 2200 members have been supported in obtaining PAN /UDYOG Aadhar and other social security schemes. This is a unique approach that Belstar has adopted utilizing facilities available at Banks and products offered by Government of India to enhance the livelihood options for the clients.
- Spouse insurance has been added, to act as a safety net for the clients and their families and for loan protection for Belstar.
- Based on recommendation from CRISIL, both risk and internal audit have been made as separate verticals.
- Belstar has registered with [www.PMRPY.gov.in](http://www.PMRPY.gov.in) for employee benefits

The Year 2018-19 shines no less for Belstar. We are striving to further streamline processes by performing rigorous MIS analysis. To ensure that we achieve our triple bottom line, we plan to dive deeper to understand end user loan utilization better. In addition, for fostering saving habit to ensure that the groups' cohesiveness is improved in JLG, a customized product is in the pipeline. Business Correspondent model is set to be launched as a new initiative to reach underpenetrated North and North Eastern States. Innovative staff and customer training is scheduled to maintain the Belstar spirit.

I take this opportunity to thank Mr. George Alexander Muthoot, MD, Muthoot Finance for his continuous support, Independent Directors, Mr. A. Subramanian and Mr. A. Srinivasan for their time and guidance and the Board of Directors for their valuable inputs that together have helped Belstar reach its goals. I thank my senior management team and staff for their dedication and hard work that fuel the growth of the company.

Dr. Kalpanaa Sankar  
Managing Director



## BOARD OF DIRECTORS

### **Dr. Kalpanaa Sankar, Managing Director**

Dr. Kalpanaa Sankar has specialised in participatory assessment, gender differentiated impact as well as in monitoring tools and indicators. She has been involved in the women's self-help group movement in Tamil Nadu for the last 18 years. She is a double doctorate in Physical Sciences and in Women's Studies and self-help groups. She was a Consultant with the Government of South Africa and has supported microfinance and poverty reduction programmes in Afghanistan and Brazil. She is the Managing Trustee Hand in Hand India.

Dr. Kalpanaa has been a Monitoring and Evaluation Officer for the International Fund for Agricultural Development in Tamil Nadu. She has handled several international missions and has been a consultant to UNOPS, UNDP, Christian Aid, and Wetlands International. Dr. Kalpanaa has also authored several publications and manuals on child labour, microfinance and self-help groups. She has guided interns from Stanford University, Stockholm School of Economics and students from Indian universities on microfinance. She was the first recipient of a scholarship to pursue an Executive MBA from TRIUM, an alliance among NYU Stern School of Business, London School of Economics and Political Science and HEC School of Management, Paris and graduated in September 2012.



### **Dr. N. Jeyaseelan, Promoter Director**

With over two decades of experience in rural banking, Dr. N. Jeyaseelan has piloted several microfinance initiatives in the banking sector, including the Indian Bank's Special Unit for Microfinance Project. A doctorate in Microfinance, he has done several assignments in self-help groups, microfinance and micro insurance programmes across several countries. He has served as a consultant to the UNDP, UNOPS, GIZ, IFAD, Agricultural Finance Corporation, Tamil Nadu Corporation for Development of Women Ltd, and Water Partner International (USA). He has been a part of the Hand in Hand India's Technical Assistance team in the projects funded by IADB (Inter-American Development Bank) in Brazil and ADB (Asian Development Bank) in Madhya Pradesh, India.

Dr. Jeyaseelan has headed the National-level study on Joint Liability Groups (May 2008) commissioned by GTZ-NABARD in India. He has also been involved in the UNDP study on "Pre investment Feasibility for Micro Insurance in India." He has several publications to his credit



and has presented papers in international conferences. He has developed the 'Self-Reliance Group Training Manual' for the UNDP/UNOPS project staff in Myanmar. He has won the United Nations "Micro Finance Knowledge Promoter Award 2007" from the UN Solution Exchange, a joint initiative of all UN agencies in India, for his contributions to the microfinance community of practice in India.

**Mr. K. R. Bijimon, Investor Director**

Mr. Bijimon is the Chief General Manager of Muthoot Group and oversees credit and operations of zonal offices, internal audit, marketing, IT and vigilance divisions of the company. He is also the Chief Operating Officer for the global operations of Muthoot Group (USA, UK, UAE, Hong Kong, Singapore and Sri Lanka). A Fellow Member of the Institute of Chartered Accountants of India and a Fellow Member of Certified Management Accountants, Institute of Sri Lanka, Mr. Bijimon has over 18 years of experience in the field of financial services and is employed in the Muthoot Group since inception.



**Mr. George M. Alexander, Investor Director**

Mr. George M. Alexander has done his Master's in Business Administration from University of North Carolina's Kenan & Flagler Business School and Bachelor's in Mechanical Engineering from University of Kerala College of Engineering. he is the Executive Director at Muthoot group and takes care of operations in the state of Karnataka and has the additional responsibility of monitoring the global operations of The Muthoot Group in the US. Prior to joining his family business, Mr. George had worked for ING and Kotak Mahindra Banks in India.



**Mr. George M. Jacob, Investor Director**

A management graduate from Cass Business School (London), Mr. George Muthoot Jacob is the Executive Director at the Muthoot group and manages Legal, Corporate Affairs & Marketing of the Group. He also holds an LLM in international Economic Law from the University of Warwick, Coventry, United Kingdom. He completed his bachelor's degree in law from the National University of Advanced Legal Studies, Kochi. He renders his expertise in the field of legal, compliance, and corporate governance, internal audit, risk management, marketing and sales of the Group.



### Mr. A. Subramanian, Independent Director

He is former Executive Director of Indian Bank. Before elevation as Executive Director, he was General Manager in Oriental Bank of Commerce in charge of Treasury, International Banking, Investor Relations and HR. He has four decades of banking experience both in administrative offices as well as in the field, covering all facets of banking. Mr. Subramanian has participated in several international seminars and has convened meetings with investors of the bank, in India and outside India. While in service he was an active member of Accounts and Taxation Committee of Indian Banks Association since 2004.



### Mr. A. Srinivasan, Independent Director

A. Srinivasan was Demonstrator in Chemistry in RDM College, Sivaganga for 6 months on completion of degree in 1969. Served in various capacities in Indian Bank and retired as General Manager in Technology Management Department in March 2010. He served in various positions in branches and in the Head Office of the Indian Bank. Areas of exposure include Forex and Technology besides a stint as Faculty in the bank's Staff College and part of Organization and Methods (Systems and Procedure) department of the bank. He was part of the Technology Management department during introduction of ALPMs / ATMs / TBC during 1991 to 1998. Was an executive in charge of CBS implementation during 2004 to 2008, followed by implementation of many technology products in the bank till March 2010. With 15 years of exposure in the Technology Management Department of Indian Bank, he served as a consultant to Precision Group on Banking Technology, CAMS (Computer Age Management Services), Equitas Micro Finance - now named as Equitas Small Finance Bank for their Core Banking Solution identification / implementation.



## MANAGEMENT LEADERS

### **S. Chandrasekar, Vice President**

Mr. Chandrasekar is a qualified Chartered Accountant with more than 30 years of experience spanning accounting, audit, credit operations, ERP and entrepreneurship. His career graph includes stints at A F Ferguson, Coopers & Lybrand, National Finance Company - Oman and Sundaram Infotech Solutions. He comes with international business exposure in project delivery management and in solving client issues. He holds a global ERP delivery track record with multi-project and multiple locations management. Chandrasekar also shares the wealth of his knowledge at various reputed management institutes as a Visiting Faculty Member.

### **K.B. Balakumaran, Business Head**

Mr. Balakumaran has served in Indian Bank, a nationalised bank for 21 years in various capacities such as Rural Development Officer, Officer-in-Charge of Gramodaya Kendra, Project Manager - IBSUM and Branch Manager. He has independently managed the Agricultural Credit Desk at the Regional Office of Indian Bank. He brings with him a blend of skill and field experience in rural banking, SHG movement and microfinance, specifically in the areas of group formation, credit appraisal, credit linkage of SHGs, monitoring and portfolio quality. He holds a Bachelors' degree in Agriculture and started his career as an Agricultural Officer in the extension wing of the Tamil Nadu State Agricultural Department.

### **Mr. L. Muralidharan, Chief Financial Officer**

Mr. Lakshmanan Muralidharan has over 13 years of post-qualification experience in corporate finance, statutory, internal and management audit of large public sector undertakings. Prior to this he worked with IFMR Trust as VP - Finance and at the Corporate Affairs Division of Emirates Trading Agency LLC in Dubai. Muralidharan has also worked in the Management Audit division of Reliance Industries, Mumbai, where he played an active role at the time of setting up of RIL - Petroleum Units and Retail Outlets. Muralidharan has also worked as Finance Manager, Water Aid India, an International NGO.

### **Mr. Banabihari Panda, Chief Risk Officer**

As a finance and banking professional for 40 years at the Indian Bank and its subsidiaries, Mr. Panda has held senior positions including General Manager, MD and whole-time Director. He also comes with in-depth industry expertise and 11 years of teaching experience in the areas of economics, banking and finance. With proven expertise in rural lending, general banking, retail banking, housing finance, corporate finance, treasury management, risk management and capital market operations, Mr. Panda has co-authored books and written several articles in banking journals. He is also the recipient of the Rajiv Gandhi Sadbhavana Award 2009 for 'Excellent Performance in Banking'.

### **Mr. G. Parthasarathy, Chief Audit and Legal Officer**

Mr. Parthasarathy has over 18 Years of Pan-India experience in Retail banking/finance, business operations, risk management, legal compliances, collections, credit policies, sales & marketing, business development, client servicing and team management across multiple companies including GE Money, HDFC Bank, BEBB India and Madura Micro Finance. He has a strong technology background and track record in establishing credit systems, policies and process formulation for internal audit, risk and collection functions. He comes with a B.Sc. in Mathematics and an MBA from Madras University, as well as an LLB (Bachelor of Law) degree from S V University.

### **Mr. S Siddarth, Head JLG**

Mr. Siddarth is a pass out of Delhi University and Symbiosis Centre for Management. He comes with exposure to diverse fields including sales, channel management, risk and collections. Prior to Belstar he has worked with ICICI Bank , Indusind Bank and Janalakshmi, where he has held key positions in Vehicle Loans, Branch Banking and MFI Operations. He has a proven track record of rapid scale up in new business locations and leading large teams in retail. He is an avid reader and quizzer and teaches at several management institutes as a guest lecturer. As the Head of JLG he manages the expansion of the JLG vertical in Belstar across Indian states.

### **Mr. Sunil Kumar Sahu, Company Secretary**

A qualified Company Secretary and a CA finalist with over 4 years of corporate experience, Sunil's core areas of expertise include Corporate Secretarial Compliance, RBI Compliance, ROC Compliance and in conducting various meetings of the Board and its members. His prior experience includes his work as Asst. Company Secretary with R R Group of Companies and as an Audit Associate, where he was exposed to both internal and statutory audits.

### **Mr. V N Narayanan, Business Head Retail and Synergy**

With over 25 years of experience in the retail lending space, heading profit center operations in personal loans, home loans, auto and commercial vehicles business, Narayanan worked for 10 years in NBFCs before moving to the banking industry, where he served in various capacities at ICICI Bank, Axis Bank, and HDFC Bank. His expertise includes setting up new branches, new market development, retail distribution, channel management etc., including hands-on experience in cross-selling of retail lending products through branch networks and channel partners.

### **Mr. T A Vinoth, Deputy Chief Financial Officer**

Associate Chartered Accountant with an experience of 14 years in varied industries ranging from manufacturing, services, retail banking, and NBFCs; Vinoth is a Certified Forex and Treasury Manager by





ICAI. He also brings 4 years of international experience in finance and accounts from his time at East and West Africa. Vinoth oversees the funding and treasury operations.

**Mr. R Suresh Babu, Deputy Chief Technology Officer**

Mr. Suresh has completed his Bachelors in Engineering from MAM College of Engineering, Trichy in Computer Science. He started his career with M/s Acme Software Services and Magellan Solutions and was with them for a 7-year period. He then moved to work with Madura Microfinance in 2011. He joined Madura Microfinance as a Project Manager and his last held designation was Deputy General Manager - Process Excellence. During his tenure of over 6 years with Madura, Suresh was instrumental in development and deployment of various IT interventions, such as business process re-engineering, simplification and digitization of operational processes relating to loan application, customer relationship management, collections management and overall operations through web and mobile applications.

**Mr. C. Meenakshisundaram, General Manager Credit & Operations**

Mr. Meenakshisundaram brings 30 years of field experience in the areas of SHG and microfinance, including 12 years with BELSTAR and Hand in Hand India. He holds graduate and post graduate degrees in commerce, and has undergone, Social Entrepreneurship Program at INSEAD, Singapore and Executive Education Program on “Challenges of Managing Inclusive Finance in India”, at IIM Ahmedabad. His expertise covers promotion and development of SHGs, product development, setting up of branches, development and monitoring of systems and process, staff training, risk management, building and monitoring of loan portfolio, and improving overall operational efficiency and productivity.

**Mr. D S Chakravarthi, General Manager Internal Audit**

A qualified Chartered Accountant with rich banking experience spanning 32 years in Canara Bank in various capacities in various parts of the country, Chakravarthi has handled several banking domains including accounts, auditing, taxation, inspection and SME credit.

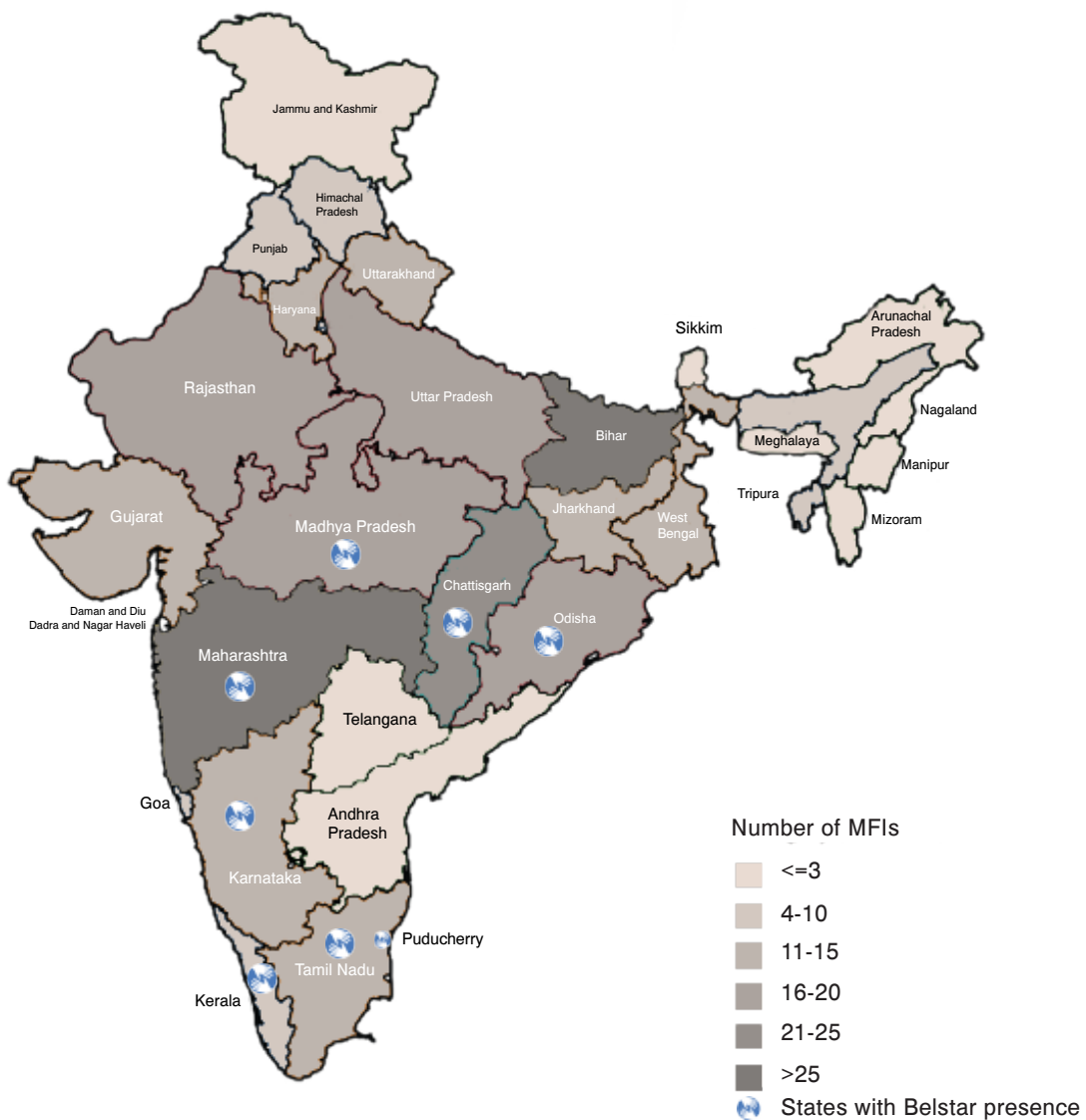


# INDUSTRY ENVIRONMENT AND BELSTAR

## Pan India Presence of NBFC-MFIs

States/UTs - 35

Districts - 595



Source: Micrometer, MFIN, Vol-25, 2017-18

## The Microfinance Industry

The Micro Finance Industry has staged a comeback after stabilisation of the macro economy post the disruptions experienced during the previous FY due to demonetisation. The Industry grew by 27% in terms of its loan portfolio outstanding to 1,36,633 Cr, when all Banks, SFBs, NBFC Banks, SFBs, NBFC and non-profits are considered. The industry PAR has also started showing a declining trend with PAR 30 reducing from a high of 11% in March 2017 to 4.4% by March 2018.

A benign macro environment coupled with the emergence of newer MFI players and Small Finance Banks has made the industry highly competitive. The general industry trend of rising over-indebtedness among rural women is one of our key concerns and we strive to help our customers to use our loans for income generation activities.

## Belstar

We at Belstar believe that we have an important role to achieve financial inclusion among our target customer-communities. Our prudent norms for customer selection and sustained skill building engagement with the customers through the credit plus model have ensured a sustainable and stable business environment. In the changing landscape of MFI and pertinent challenges associated with collection of repayment from the clients at the field level, our system of Branch Based Collections helps avoid many pitfalls characteristic of conventional MFI models.

The Belstar Model has withstood the test of time even during stress with no major deterioration seen in the portfolio quality. The robustness of the processes followed enabled us to restrain the PAR 30 at 1.31% at the end of March 2018. Adapting to the changing industry trends, the company has developed on its robust risk management framework which includes clear firewalls for potential business risk, strategy for geographical spread and a framework for data analytics driven collections approach.

Going forward the company is approaching the market with cautious optimism backed by intense data tools for the all-important goal of geographical diversification to avoid concentration risk. The company has also taken steps to beef up its operational capacity in terms of addition to manpower in key areas of HR, Audit, IT and Risk Management at field level. This has given the company an edge in terms of customer servicing and customer experience pertaining to TAT for disbursements.

On a macro level the AUM increased from 575.91 Cr to 1,137.05 Cr YOY with an increase in the number of branches from 155 to 234. The quantum of disbursements has nearly doubled to 1280 Cr from 651 Cr. Going forward the Management believes that expansion in northern markets will give rich dividends in terms of enhanced risk coverage and a spurt in AUM.

## Belstar and NBFC-MFI sector: a comparison

The growth witnessed in Belstar performance on many parameters is faster than the growth observed in the Indian NBFC-MFIs sector as demonstrated in the Table below.

**TABLE 2 BELSTAR AND NBFC-MFI SECTOR: A COMPARISON**

Indicator	Belstar			NBFC-MFIs*		
	FY 2016-17	FY 2017-18	YoY Change %	FY 2016-17	FY 2017-18	YoY Change %
No. of Active Borrowers	306733	490198	59.8	2.02 Cr	2.53 Cr.	25.2
Total disbursements(in Cr ₹)	651.32	1280.61	96.6	39986	59629	49.1
No. of States covered	7	8	14.3	27	30	11.1
No. of Branches	155	234	51.0	8032	10077	25.5
Total Staff	1093	1783	63.1	65839	82004	24.6
AUM (Rs. Cr.)	575.91	1,137.05	97.4	32039	48094	50.0
Active Borrower/ Branch**	1,979	2,095	5.9	2515	2511	-
Loan Outstanding per Branch (Rs. Cr)***	3.72	4.86	30.6	4.00	4.77	19.6
Average Loan Outstanding Rs.****	17,096	23,196	35.7	15861	19009	19.9

\* Micrometer-Issue-21 for FY 16-17, and 25- for FY-17-18-final-for-dissemination-to-member

\*\* Calculated from No. of Active Borrowers and No. of Branches

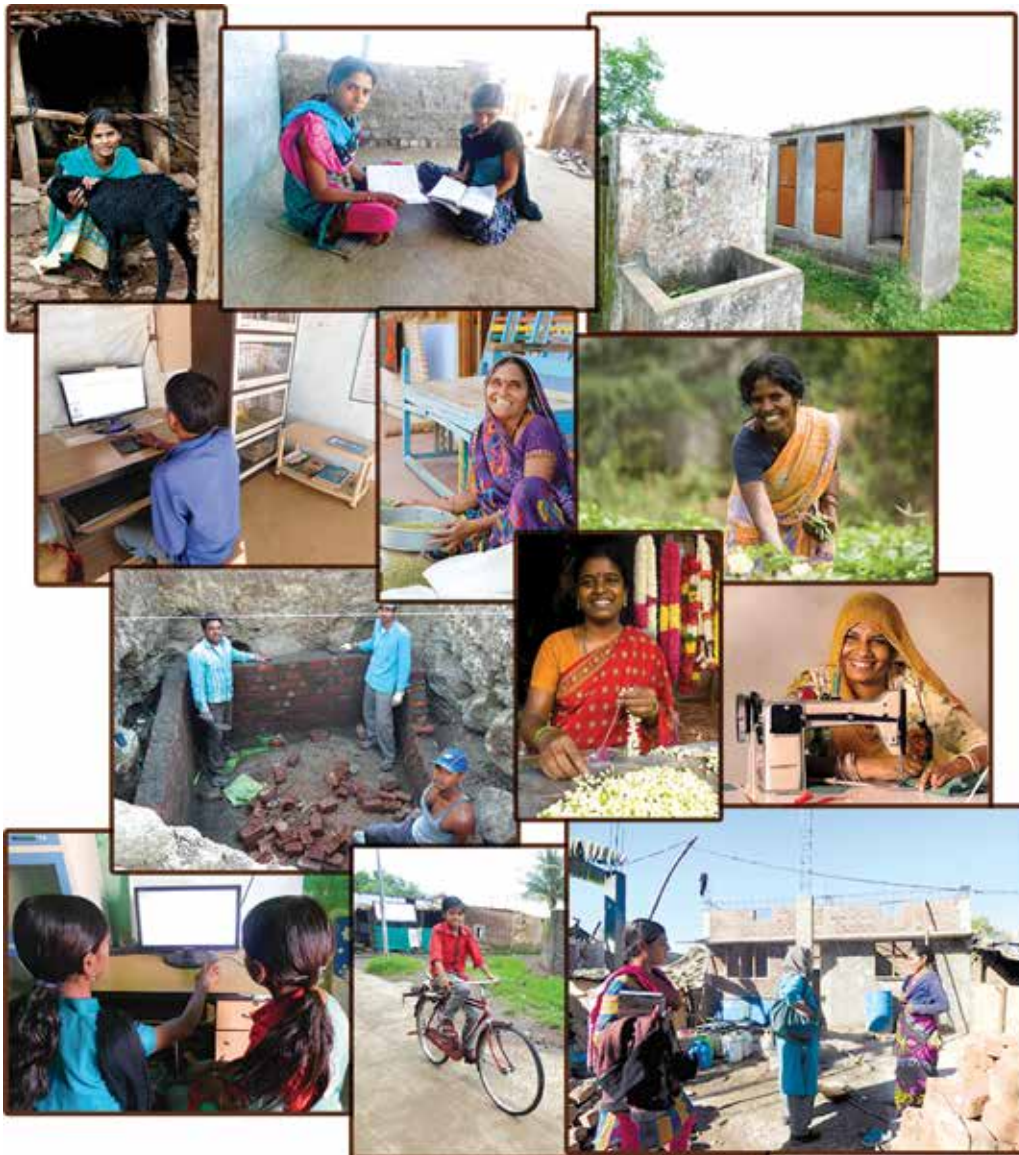
\*\*\* Calculated Loan Outstanding and No. of Branches

\*\*\*\* Calculated Loan Outstanding and No. of Active borrowers

### Operational Highlights

- ★ Operations of the Company expanded to the new State of Chhattisgarh and newer geographies in Karnataka, Kerala, Madhya Pradesh, Maharashtra, Tamil Nadu, Odisha and Pondicherry.
- ★ After becoming a systemically important MFI by crossing Rs 500 Cr mark last year, Belstar has achieved another milestone having crossed Rs. 1000 Cr mark during FY 2017-18.
- ★ Medium and Small Enterprises loan of Rs.29.03 Cr was disbursed to 2874 matured entrepreneurs during FY17-18 in Kanchipuram, Vellore, Kaveripakkam, Chengalpet, Vandavasi, Gudiyatham, Madhuranthagam, Thiruvannamalai, Pondicherry, Thiruvallur and Villupuram regions.
- ★ Consumer Goods Loan product has been extended to all branches in the States of Tamil Nadu and Odisha. The total amount of disbursement made under CGL during FY 17-18 is Rs.29.79 Cr to 25854 borrowers.
- ★ JLG portfolio is at Rs.143.50 Cr as at March 2018 as against Rs 41.77 Cr at March 2017.

## PRODUCTS, SERVICES AND CUSTOMERS



### The Rationale

Belstar's product offerings focus on low income households that are unable to access such services from commercial banks. Typically, the loans are provided for creating and strengthening livelihoods in both farm and non-farm sectors. The agriculturists, which form company's priority clients, mostly small or marginal farmers, need support in the form of labour and equipment for irrigation and other purposes; for buying seeds, fertilisers and pesticides. Some of them are also engaged in fishing, aquaculture and animal husbandry, and importantly dairy and other allied activities. Non-farm activities such as textile and cloth shops, tailoring, food production and sale, producing and selling other essential, as well as luxury goods and petty shops are also encouraged, based on feasibility and client preferences in respective areas.

Our loan products are evolved over the years to suit requirements of our customers to build assets, create sustainable livelihoods, generate income to support a range of family needs including medical care, home repairs, social and religious obligations, to support education for their children for enhancing their future career prospects and for constructing household toilet units and water connections to meet their basic water and sanitation requirements. Often, the government subsidy for toilet construction can be availed only after completing the construction, which however, can get delayed because of lack of cash flow. Toilet loans help break through this vicious circle.

In line with our mission, major portion of the GLP is committed towards livelihood enhancements in the form of loans for agriculture and allied activities, production and manufacturing, service provision, trade and business, and Micro, Small and Medium Enterprises (MSME). Only a small fraction of loans are given for other purposes. During the FY 2017-18, the company has enhanced its product bouquet by introducing, A) Higher tenure loans of 16 months for first cycle to the JLG members giving the customers a choice for lower EMI and B) Higher tickets of Rs 30000 for the comparatively more credit worthy clients so that their needs can be catered to by a sole lender.

The capacity to absorb economic shocks is one of the key requirements for sustainability of small businesses. The poor always stand the risk of slipping back into the poverty net after natural events such as floods; draughts, cyclones, etc., These events, frequently witnessed in recent times, affect the poor with more intensity than the non-poor. Keeping this in view, Belstar offers a life insurance cover along with each of its loan products. All borrowers are insured for life covering the entire loan exposure and repayment duration. Their spouses too are offered and provided with life insurance cover depending on their willingness.

### Key Features

The bouquet of products is expanded to suit borrower needs and capacity. Most of the GLP (96%) is committed to Income Generating Activities (IGA). Among them, agriculture and allied activities (55% of the GLP) are prioritized over non-agricultural activities. Household finance constitutes just about 4% of the GLP. The company's priorities to specific sector are comparable to those of NBFC-MFI sector in general (Table 4, Figure 1).

The customers are also increasingly younger compared to the FY 2016-17. (Figure 2 & 3). Company's focus on rural borrowers is seen increased in FY 2017-18 in comparison to FY 2016-17. (Figure 4 & 5)

The company caters to majority rural borrower unlike the NBFC-MFI sector in India that caters to primarily metropolitan, urban and semi-urban borrowers (Figure 6). While 75% of the portfolio is concentrated in Tamil Nadu, company's operations have expanded to new State of Chhattisgarh and newer geographies in Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha and Pondicherry. (Figure 7)

One fifth of the borrowers belong to JLGs and 15% of disbursements are received by JLG members. (Figure 8)

**TABLE 3 PRODUCTS AND SERVICES OFFERED**

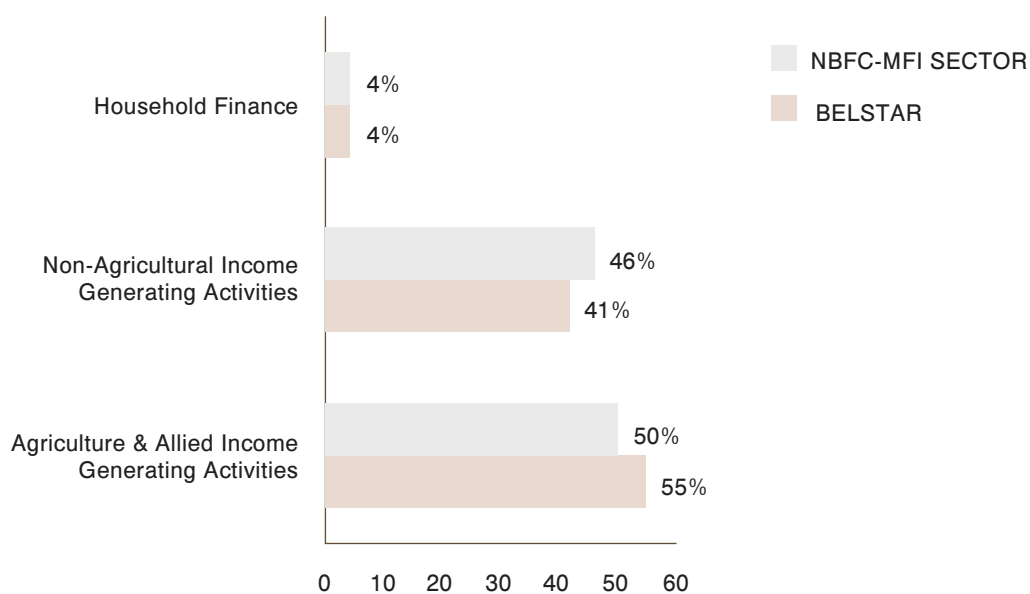
LOAN PRODUCT	Loan products										Insurance										
	Loan Amount	Rate of Interest	No. of EMI's	Repayment Period	Holiday Period	Processing Fee on Loan Amount	GST on Processing Fee	Sum Assured	Term	Premium	Unit	Rate of Interest	No. of EMI's	Repayment Period	Holiday Period	Processing Fee on Loan Amount	GST on Processing Fee	Sum Assured	Term	Premium	
Micro Enterprise Loans Cycle 1(a)	15,000	24	11	12	1	1	18	20,000	12	81											
Micro Enterprise Loans Cycle 1(b)	20,000	24	11	12	1	1	18	25,000	12	101											
Micro Enterprise Loans Cycle 1(c)	25,000	24	17	18	1	1	18	30,000	24	242											
Micro Enterprise Loans Cycle 1(d)	30,000	24	23	24	1	1	18	35,000	24	281											
Micro Enterprise Loans Cycle 2	30,000	24	23	24	1	1	18	35,000	24	281											
Micro Enterprise Loans Cycle 3	40,000	24	23	24	1	1	18	45,000	24	362											
Micro Enterprise Loans Cycle 4	50,000	24	23	24	1	1	18	55,000	24	442											
Micro Enterprise Loans Cycle 5	60,000	24	23	24	1	1	18	65,000	24	522											
Sanitation Loan Cycle 1	10,000	25	12	12	Nil	1	18	15,000	12	61											
Sanitation Loan Cycle 2	20,000	25	12	12	Nil	1	18	25,000	12	101											
Sanitation Loan Cycle 3	25,000	25	12	12	Nil	1	18	30,000	12	121											
Educational Loan	20,000	25	12	12	Nil	2	18	25,000	12	101											
Small / Medium Enterprise Loan 1	75,000	24	30	30	0	1	18	75,000	30												
Small / Medium Enterprise Loan 2	100,000	24	30	30	0	1	18	1,00,000	30												
Small / Medium Enterprise Loan 3	150,000	24	30	30	0	1	18	1,50,000	30												
Small / Medium Enterprise Loan 4	200,000	24	30	30	0	1	18	2,00,000	30												
Consumer Goods Loan 1 to 15	3000 - 10,000	25	10	10	Nil	1	18	10,000	12	41											
Consumer Goods Loan 16 to 25	10,500 - 15,000	25	10	10	Nil	1	18	15,000	24	121											
Consumer Goods Loan 26 to 27	15,500- 16,000	25	10	10	Nil	1	18	16,000	24	129											

## Portfolio Mix

**TABLE 4 ACTIVITY-WISE DISTRIBUTION OF LOAN AMOUNT**

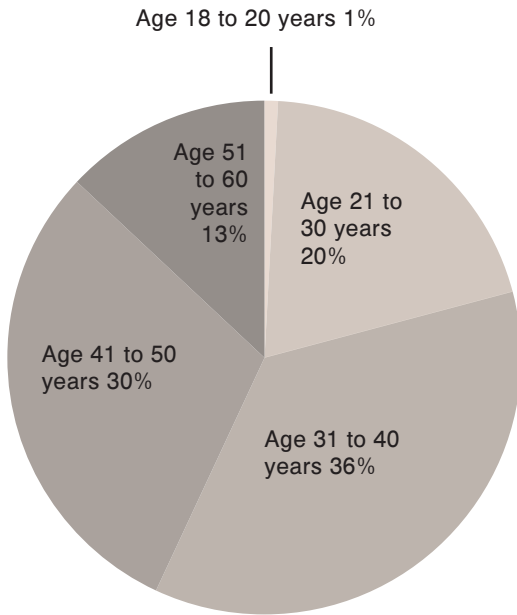
S. No.	Activity	FY 2017-18	FY 2016-17	FY 2015-16
		%	%	%
1	Agriculture & Allied	54.55	58.13	51.20
2	Service	15.19	24.15	16.15
3	Trade & Business	18.11	9.75	10.34
4	Education Loan	1.65	3.22	2.70
5	Production & Manufacturing	3.67	2.68	18.92
6	Consumer Goods Loan	2.35	1.61	-
7	MSME Loan	4.47	0.32	-
8	Home Improvement	-	0.11	0.69
9	Water & Sanitation	0.01	0.03	-
	Total	100.00	100.00	100.00

**FIGURE 1 DISTRIBUTION OF PORTFOLIO AMONG AGRI / NON-AGRI / HOUSEHOLD PRODUCTS (FY 2017-18)**

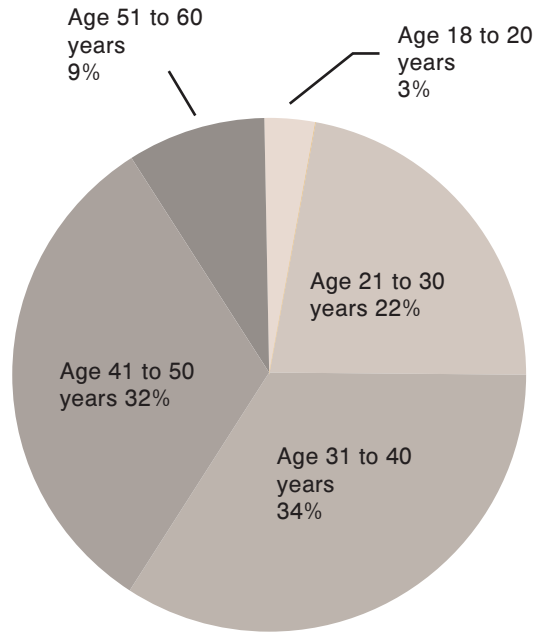




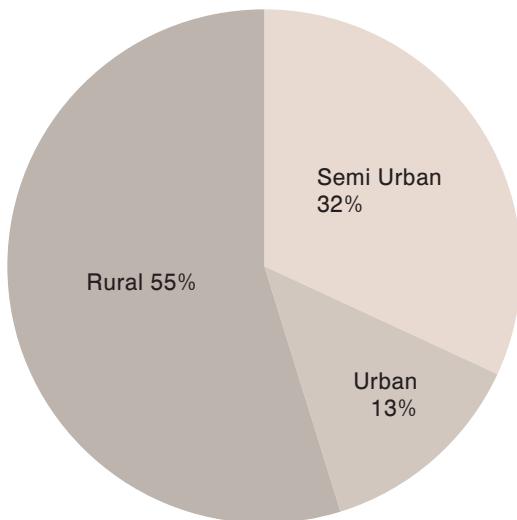
**FIGURE 2**  
**AGEWISE DISTRIBUTION OF BORROWERS**  
**FY 2016-17**



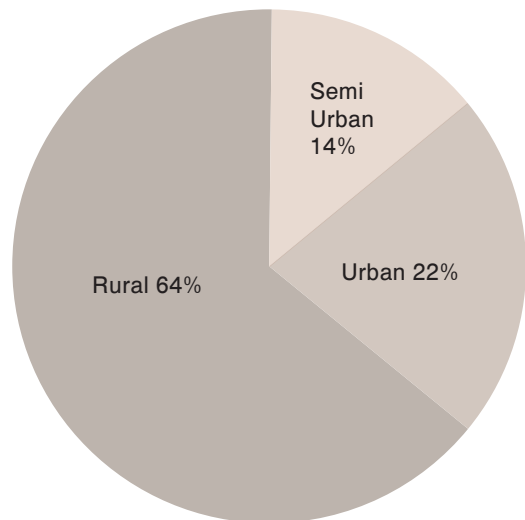
**FIGURE 3**  
**AGEWISE DISTRIBUTION OF BORROWERS**  
**FY 2017-18**



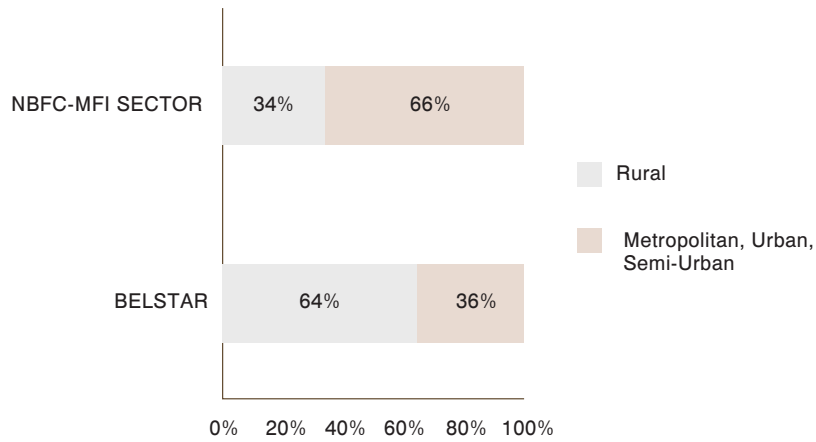
**FIGURE 4**  
**TREND IN AREA-WISE DISTRIBUTION OF**  
**PORTFOLIO 2016-17**



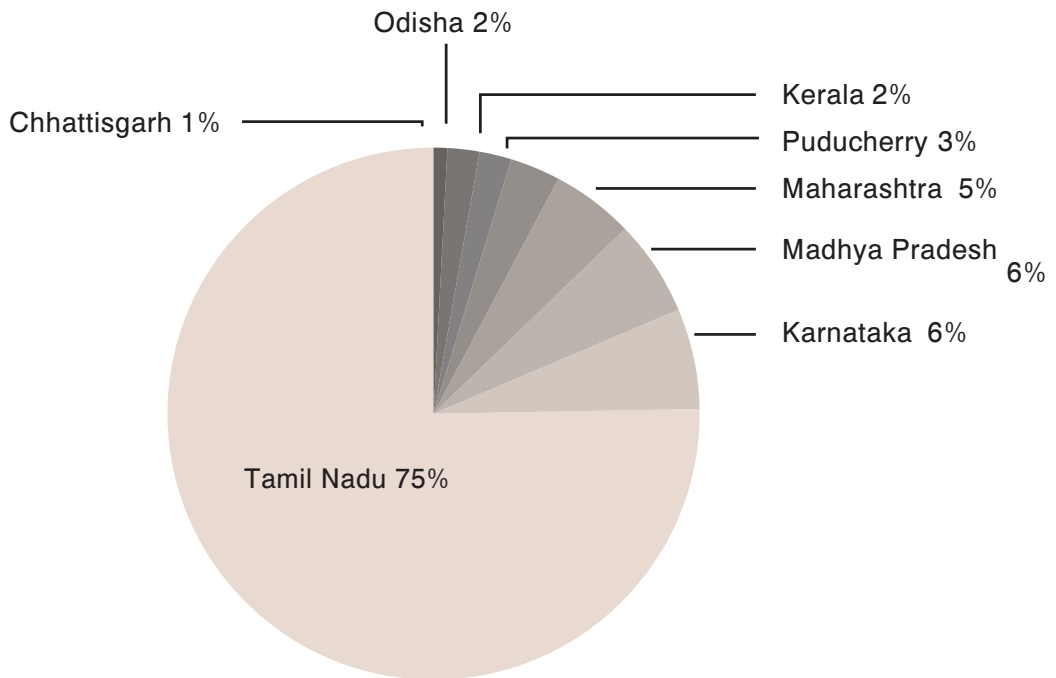
**FIGURE 5**  
**TREND IN AREA-WISE DISTRIBUTION OF**  
**PORTFOLIO 2017-18**



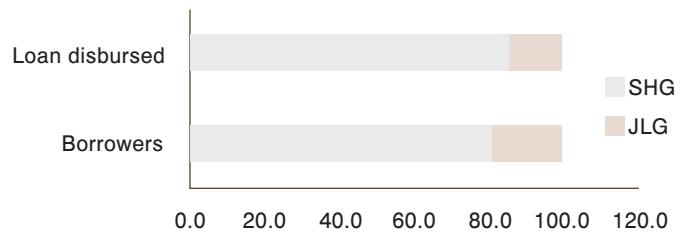
**FIGURE 6 AREA-WISE DISTRIBUTION OF PORTFOLIO IN BELSTAR AND NBFC-MFI SECTOR 2017-18**



**FIGURE 7 STATE-WISE DISTRIBUTION OF PORTFOLIO FOR BELSTAR 2017-18**



**FIGURE 8 OVERALL DISBURSEMENT OF LOANS THROUGH SHG AND JLG MODELS FY 2017-18**



## Geographical outreach in India

	Madhya Pradesh		
	SHG	JLG	Total
Branches	10	9	19
SHG/JLG	3,458	4,120	7,578
Customers	20,909	20,135	41,044
Loan Amount Disbursed (in ₹ Cr)	42.28	43.32	85.60

	Maharashtra		
	SHG	JLG	Total
Branches	-	20	20
SHG/JLG	-	7,374	7,374
Customers	-	33,847	33,847
Loan Amount Disbursed (in ₹ Cr)	-	61.71	61.71

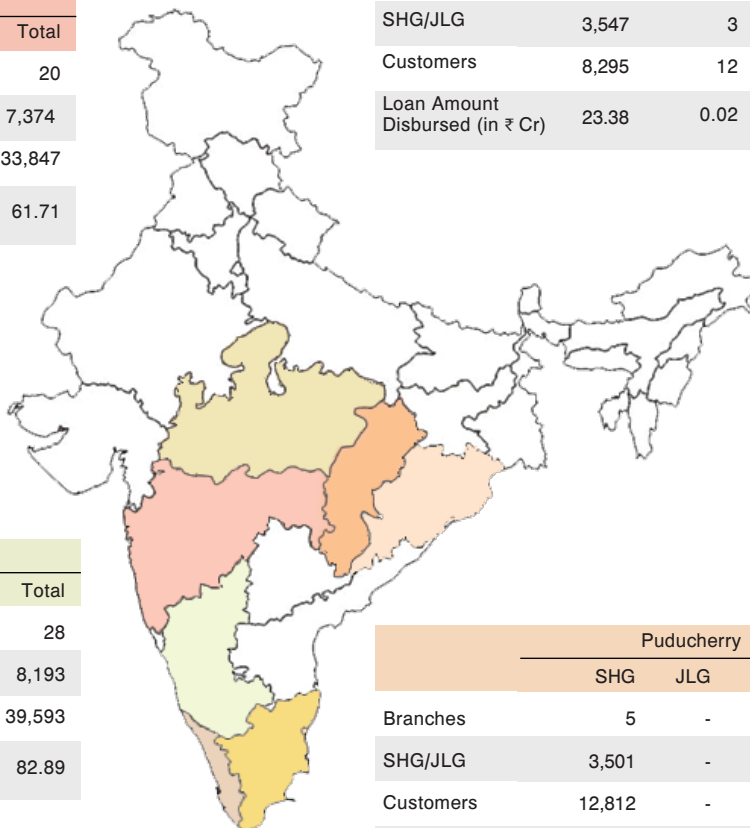
	Karnataka		
	SHG	JLG	Total
Branches	13	15	28
SHG/JLG	3,602	4,591	8,193
Customers	18,918	20,675	39,593
Loan Amount Disbursed (in ₹ Cr)	38.73	41.16	82.89

	Kerala		
	SHG	JLG	Total
Branches	-	20	20
SHG/JLG	-	2,412	2,412
Customers	-	9,408	9,408
Loan Amount Disbursed (in ₹ Cr)	-	25.78	25.78

	India		
	SHG	JLG	Total
Branches	162	72	234
SHG/JLG	85,117	19,754	104,871
Customers	4,01,577	88,621	4,90,198
Loan Amount Disbursed (in ₹ Cr)	1088.52	192.10	1280.62

	Chhattisgarh		
	SHG	JLG	Total
Branches	-	6	6
SHG/JLG	-	977	977
Customers	-	4,544	4,544
Loan Amount Disbursed (in ₹ Cr)	-	9.90	9.09

	Odisha		
	SHG	JLG	Total
Branches	4	2	6
SHG/JLG	3,547	3	3,550
Customers	8,295	12	8,307
Loan Amount Disbursed (in ₹ Cr)	23.38	0.02	23.40



	Puducherry		
	SHG	JLG	Total
Branches	5	-	5
SHG/JLG	3,501	-	3501
Customers	12,812	-	12,812
Loan Amount Disbursed (in ₹ Cr)	46.36	-	46.36

	Tamil Nadu		
	SHG	JLG	Total
Branches	130	-	130
SHG/JLG	71,009	-	71,009
Customers	3,40,643	-	3,40,643
Loan Amount Disbursed (in ₹ Cr)	937.78	-	937.78

## HITTING THE RIGHT NOTES – MSME LOAN PRODUCT

By Dr. Kalpanaa Sankar

### Indian Scenario

India houses massive untapped potential for growth in the form of the micro, small and medium enterprises (MSME) sector. Das. P (2017) points out that the MSME sector constitutes 80% of the total number of industries and produces 8000 value added products. India has 51 million MSME units with 117 million people involved in the sector contributing to 37% of the nations GDP (MSME Pulse – March 2018 SIDBI). Split into manufacturing and service industries, this sector is known for being less capital intensive, more employment friendly and in a position to leverage Government schemes such as subsidies and other incentives (Das P, 2017), making this sector an easy avenue contributing to Indian GDP compared to its elder sister.

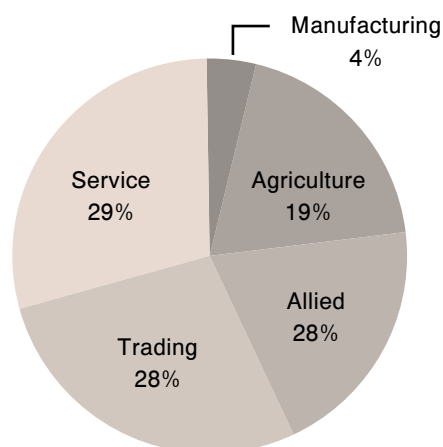
### Belstar and MSME

SHG women entrepreneurs are well trained by Hand in Hand India & Belstar, especially on financial literacy, their borrowing is as per their needs only, which can be confirmed from the fact that their financed Enterprises' balance sheets are healthy, as Current ratio is 4.52 against the normal 1.3 and Debt Equity Ratio is only 0.26 against the norm of 4

Hand in Hand India and Belstar Investment and Finance Pvt Ltd's extensive work with rural women across the nation has consistently revealed that skilled hands and intelligent minds are a plenty. The Bottom of the Pyramid segment in India requires continuous working capital to boost and sustain their livelihoods. As elaborated by Harani B

& Naresh Babu K S (2017), the lack of access to timely as well as adequate financial support coupled with lack of knowledge and low managerial ability leave these women vulnerable and stagnant with almost no growth.

Targeting these women entrepreneurs, Belstar introduced a new MSME loan product to reach the untapped. The loan amounts vary from ₹75,000 to ₹200,000 per member, to be repaid over a period of 30 months. In a recent study conducted by Hand in Hand Consulting Services Pvt Ltd, it was revealed that while, 92% of the total surveyed participants (1904) utilized the MSME loans to enhance their businesses, nearly, 81% of the total MSME loan amount disbursed was utilized for the purpose. A diversified mix of sectors has been supported through these loans with services capturing 29% of the portfolio, closely followed by trading at 28% and agriculture at 19%. Manufacturing has been topped up by only 4% of the borrowers, an understandable figure as this



sector involves additional capital and asset requirements. It was captured that 94% of women entrepreneurs at the BoP prefer access to formal sources of credit, of which 77% of the target approached Belstar for either first time or top up loans.

Belstar has hit the right note with the MSME loan product not merely due to credit support but also because of the complementary Hand in Hand India model of capacity building, entrepreneurship development, financial and functional literacy and skill training. Bringing these components together completes the value chain for any entrepreneur taking a loan from Belstar.

### Going the extra mile: Missing Middle

Majority of the women with micro enterprises are in a path to scale up their enterprises into the next level from the “MICRO” into “MACRO” but, they lack access to mainstream formal institutional finance as they do not have collaterals. Such women entrepreneurs’ enterprises are neither too small nor too big, but they are in the missing middle category. They do not have the business track record documents like balance sheets or bank statements and so on and lack access to credit from banks on an individual basis as their credit requirements are fairly large, which is not addressed by the conventional SHG bank linkage credit program. Hence, a special effort is needed to identify this target segment of missing middle and provide all services like Enterprise Development training, mentoring, follow on support for business plan, capital (Quasi Equity) and bank credit. It is for these women that the MSME loan caters to.

Belstar goes the extra mile for the women in this category by providing them with Entrepreneurship Development training with support of IIT Madras. These courses cater to the needs of the women, empowering them to take their enterprises to the next level. Some of the course material include business plan preparation, marketing, social media and digital strategy, financial management, legal & statutory requirements, finance basics and mentoring support.

### Way Forward

Understanding that this loan product is the fuel for growth of MSME entrepreneurs, Belstar aims at further diversifying this product based on customer requirements. The organization will engage technical teams to mentor the entrepreneurs keeping in mind their continuous need for additional funding.



## RISK MANAGEMENT

### Financial Risks

- Credit Risk : Measured by amount of overdue and portfolio at risk.
  - ~ Transaction Risk - delay or default in repayment of loan by the borrower.
  - ~ Portfolio Risk - managed by limiting the exposure borrower wise, activity wise and geography wise to avoid concentration risk.

These risks are managed by meticulous process of proper identification of the borrower as per KYC policy; scrutinizing the purpose or activity for which loan is sanctioned; timely sanction of the loan in Centralized Operation Centers (COC); post disbursement loan utilization check and close monitoring over the life of the loan. It is also fortified by obtaining life insurance cover mandatorily for the borrower and optionally for her spouse/ nominee, to cover the credit exposure.

- Liquidity Risk : Is the potential loss arising from inability to timely and adequately meet the short-term funds requirements towards repaying debt obligations, funding business opportunities, incurring operational expenses etc.,

The company has ensured availability of adequate equity and borrowing limits from lenders to meet its fund requirement for loan disbursement, debt repayment, etc.,

- Market Risk :
  - ~ Assets and Liability Risk - A & L Risk involves mismatch between assets and liabilities in terms of maturity profiles and interest rates.

The company, with a strong credit rating of 'A' and 'MFI-2', can negotiate borrowing of funds at finer interest rates and maintain sufficient float at all times.

~ Foreign Exchange Risk - Is the risk that an asset or transaction denominated in foreign currency will lose value because of unfavourable exchange rate fluctuations. During the reference period, the company did not have any exposure to FX risk. If such exposure arises, company can hedge the risk by permitted methods like forwards contracts, options, futures etc.,

### **Operational Risks**

Operational risk involves loss arising out of failure of people, process and system. This is addressed by training employees at the time of induction and subsequently through periodical refresher programs to improve their attitude, skill and knowledge. During the trainings, emphasis is laid on imbibing the company's vision, mission and values; fair practice and Code of Conduct (CoC). Potential irregularities or fraud are prevented by ensuring strict compliance to laid down internal systems and procedures. The company has a robust IT system with inbuilt business continuity plan and disaster recovery management drills.

### **Business Risk**

Business risk is the probability that the company will have lower than targeted profits due to unforeseen variables adversely affecting business volumes, operating cost, competition, economic climate, government regulations etc., The company is guided by an experienced and expert Board of Directors, supported by a professional top management team and governance structure in strategizing its business policies to meet market competition, to exploit the available business opportunities and to meet the challenges. The company has sufficient capital adequacy to leverage the business opportunities.

The company enjoys goodwill and reputation in the industry as a socially responsible MFI. During the reference period, the company initiated the following key process changes to improve efficiency and effectiveness:

- ~ The loan sanction, which was earlier done at branch level, has been centralized to bring about standardisation and improved TAT.
- ~ Loan disbursement is made in 100% non-cash modes such as credit to borrowers' bank account or pre-paid cards.
- ~ The hitherto IT platforms for both the SHG and JLG models have been integrated.
- ~ Organizational restructuring was carried out to make risk management and audit as separate independent verticals but operating in complementarity.

### **Legal, Regulatory and Compliance Risk**

These risks arise due to non-compliance to statutory requirements relating to operations, customer protection, corporate governance etc., Such incidents lead to imposition of penalty, suspension of permission to operate etc., by the authorities concerned, which result in reputational risk. The company has a dedicated team and system support for conducting internal audit and for ensuring legal, regulatory compliances and other observance of company's non-negotiables.

## ENSURING SERVICE QUALITY

### Customer Retention, Care & Protection

Copies of the loan documents and loan card detailing loan repayment schedule, interest rate, balance outstanding, processing fee, insurance premium, customer grievance redressal mechanism etc., are given to the borrowers. No methods whatsoever of duress are resorted to for recovery of loan. Customer data is not shared with anyone.

### Customer Service Committee

Altogether 726 Committee meetings were conducted across all the branches.

### Code of Conduct

CoC mandates that the name and contact number of the Grievance Redressal Officer is displayed in each of its Branch Office as well as in the Head Office. A complaint and suggestion box is kept at each branch. The address of the RBI Regional office is displayed at each Branch Office. Toll free number of the company and Micro Finance Institutions Network (MFIN) is written in the loan card issued to the clients and displayed in the branch as well as website of the company.

### Grievance Redressal Procedure

Grievances are received on a toll free number at Head Office or personal reporting at branch level and are addressed within a month. If not, it is referred to the Grievance Redressal Officer. A quarterly report is submitted to MFIN on grievances received, addressed and outstanding. Staff is educated on Code of Conduct and grievance redressal procedure, during induction training. Customers too are educated on grievance redressal procedure during and at the time of on boarding.

TABLE 6 GRIEVANCES UPDATE FOR FY 2017-18

Received	Solved	Pending
149	135	14

### Financial Awareness Training

Customers are made aware of saving practices, credit facilities, loan products, interest rates, interest with reducing balance, simple insurance products, book keeping, account maintaining, operating bank accounts and ATMs, KYC etc.

### Credit Plus Activitiest

To improve customer-connect, dedicated and trained Credit Plus Officers (CPOs) are posted in each region to carry out (A) Awareness building through sensitization campaign, social/mobile interface meetings, advocacy and networking (B) Capacity building training (business and skill advancement training) (C) Facilitation / hand-holding support to new entrepreneurs etc., It is projected to conduct 2500 such meetings covering 50,000 clients, during 2018-19.



## INFORMATION TECHNOLOGY



### Key Developments During FY 2017-18

Belstar has grown exponentially from 155 branches to 234; and its GLP from 576 Cr to 1137 Cr during this year. A strong IT platform made it possible for the administration and MIS to maintain pace with the staggering growth. Technology driven business processes with a strong IT framework bring lot of control and comfort across all stake holders and employees of the company. Belstar strives to bring in a robust and a best in class IT infrastructure in the industry.

During 2017-18, Belstar has laid a strong foundation for the robust IT system. A strategic decision was made to scale the business with focus on the Performance, Availability and Scalability of the IT application. It was also decided that all SHG branches will be migrated from Microsoft Dynamics NAV platform to JAYAM Solutions' E-Fimo Application, which was already in use for JLG business model.

The entire SHG loan portfolio was migrated from NAV to JAYAM application successfully and the system went live from 1st Oct 2017. This has enabled Belstar to facilitate operations of all its business models like SHG, JLG, MSME and CGL from a single platform. Some of the bought-out portfolio from Hand in Hand India which was earlier maintained in the in-house application was migrated to JAYAM from 1st February 2018. With this migration the entire loan portfolio has been migrated to a single platform.

### The JAYAM e-FIMO Advantage:

It has modules like NPA, Fixed Assets, Accounting, Treasury, HRMS, MIS and Reporting etc., that enable easy integration with the core loan management module.

M-FIMO mobile application useful for Loan Origination, Collection and Disbursement are integral to the solution.

JAYAM mobile application for field staff was piloted in Kerala during March 2018. A new workflow has been developed based on the feedback which is slated to roll out during the FY 2018-19.

As Belstar is committed to follow a technology driven business process, it is also necessary to have a robust, scalable and highly available IT infrastructure in place. As part of its continuous improvement process, we have upgraded our Server platform from open source KVM hypervisor platform to VMware hypervisor-based Enterprise class platform. Later it was upgraded to Hyper-convergence platform. This

platform has an in-built “high availability” across all layers.

To ensure that our IT platform is stable and robust during disaster scenarios, we had set up our Disaster Recovery (DR) site at our partner Data Centre in Mumbai during FY 2016-17. As part of our business continuity plan, we have also successfully carried out two mock DR drills during this year.

### Plans for FY 2018-19

During FY 2018-19 we plan to focus on the following areas :

1) As part of our Digital Transformation journey, to capture loan on-boarding process digitally, we will be rolling out our mobile application for field staff across all branches. Apart from origination system, collection and disbursement modules are also available in mobile platform which will be implemented in a later phase.

This will help in achieving the following :

- ~ Eliminate a great amount of paper based manual work.
- ~ Reduce significant work load of our branch staff in data collection and data entry.
- ~ Bring controls in terms of data collection and parameters to be considered.
- ~ Institute a centralised approval mechanism in real time without any delay in work flow process.
- ~ Reduce a huge turnaround time from sourcing to disbursement.

2) “Belstar Finger Tip” daily dash board mobile application is under development for enabling instant access to the operational data for the middle and senior management.

3) “Belstar Mobiquiti” a mobile application to plan, allocate and track field staff by a time and location-based work flow application is under development.

4) An information security framework to secure Belstar data has been planned, to implement both digital and physical security measures including CCTV.

### Analytics

A data without analytics is meaningless. To analyse, a valuable and meaningful data should be in place. Keeping this in mind, during JAYAM migration, a lot of relevant data collection points were added as part of work flow. A strong foundation for data collection has been implemented during the year.

Descriptive, Predictive and Prescriptive analytics are planned to be implemented in stages. The focus was mainly to give meaningful analysis and comfort to day to day operations with basic descriptive reports to manage various critical parameters like Demand, Collection Efficiency, GLP, Over Due etc.,

Advance Reporting and Analytics framework is planned to be implemented during FY 2018-19, which will cover the following facets:

- |                       |                          |                        |
|-----------------------|--------------------------|------------------------|
| • Credit Analytics    | • HR Analytics           | • Operations Analytics |
| • Credit Plus         | • Information Technology | • Risk Analytics       |
| • Financial Analytics | • Marketing Analytics    | • Strategy             |



## SOCIAL PERFORMANCE

### Share Of Women Clients

Percentage of women clients of all borrowers is 100%.

### Share Of Vulnerable Communities

Percentage of vulnerable clients of all borrowers is 31%. Vulnerable communities include Scheduled Castes, Scheduled Tribes, Disabled, Widowed and Separated Women.

### Depth Of Outreach

Depth of Outreach is the ratio of the average loan balance to the per capita Gross National Income. Average loan balance across the customer base as on March 2018 is 23,196. The Per Capita Gross National Income (PCI) at current prices for India is 1,11,782 as per Government of India report, 2018. Depth of outreach is 20.75 %

### Non-Financial Services Offered

Belstar works in tandem with its social partner, Hand In Hand India to provide training and advisory support to its women members engaged in micro enterprises, as well as small and medium enterprises, and helps them build linkages with larger corporations to make their operations more sustainable. SHG members are oriented on group dynamism, financial literacy and promoting and upgrading enterprises. Group representatives are also trained on leadership and accounts book-keeping. Women are facilitated to upgrade their skills, and utilize existing market opportunities. The entire process from formation of SHGs to enterprise creation is facilitative rather than prescriptive. Trade appropriate skill training is provided on requests from the SHG members. Similar services and trainings are being provided to the JLG loan beneficiaries.

### Clients Benefited From Training

SHG leaders trained	11585
SHG/JLG members trained on group management	1,67,094
SHG/JLG members trained on financial literacy	1,47,187
SHG/JLG members trained on entrepreneurship	27,850
Skill training given to women leaders	1243



## INCREASING THE EMPLOYABILITY QUOTIENT

Skills and knowledge are driving forces of economic growth and social development for any country. The strong push for skill development in India has resulted in a fast-evolving landscape propelled by game-changing reforms and policy measures under the banner of Skill India. According to a report “Overview of India’s Evolving Skill Development Landscape” brought out by the British Council, India adds 12 million people to its workforce every year, with as many as 711 million people in India in the working age group of 15-59 years requiring additional or new skills. The Government of India launched the Skill India campaign in 2015 to train over 40 Cr people in India in different skills by 2022.

Scaling up its operations to build a solid foundation in the area of skill development, Belstar, as a part of its Corporate Social Responsibility, had partnered with Hand in Hand India’s Skill Development & Technology Centre (SD&TC) programme, in an attempt to bridge the digital literacy gap amongst rural women entrepreneurs.

Training is imparted by community trainers using tablet phones preloaded with the SamVaad app. A distinct feature of the app is its interactive interface and its availability offline. The training has helped women entrepreneurs in rural areas grasp the functionalities of a smartphone in their local language, helping in easy understanding. It has also helped them practice the skills learned in promoting their enterprises thereby generating additional revenue. Baseline information on trainees was secured before the onset of the training, using the I-Form, a digital survey form used to capture on-field data and information. The data thus collected is used to track trainee attendance during the training programme, ensuring accuracy and follow-up.

Likewise, Hand in Hand India has, also established a garment tailoring training cum production centre and with partial funding support from the company, gave the necessary training making it well equipped to handle garment stitching orders of garment export houses.

Adopting a lifecycle approach to skilling makes sure the skills imparted to trainees are marketable and linked to available jobs. A lifecycle approach looks at all aspects of skilling, from the aspirations of people before training, to counselling and following up with beneficiaries during their employment. Skill development programmes conducted in this manner ensure that the training received has an impact on livelihoods and contributes to the economic well-being of communities.

### Key Highlights of the CSR Contribution by Belstar

Animator & Representative Training was given to 4,175 members

SHG Training was given to 7683 Batches comprising of 76,830 members



## EACH BORROWER HAS A STORY TO TELL

### An Eye For An Opportunity

Varalakshmi had watchful parents who barely allowed her to attend school. After she finished the Secondary School Certificate examination, her parents neither allowed her to pursue higher education, nor to go out to work. She was left with only one window to the world outside her home in Arrakonam, i.e. the option of getting married. Kaveripakkam, where Vara shifted after her wedding with Velayutham, is a comparatively smaller town with slightly lower literacy among women. Despite that Vara found her new home more liberating. Her husband and her three daughters constituted her own wide-open world within the smaller town of Kaveripakkam. Vara could also pursue a degree course in commerce.

Her days had a rhythm of cleaning, cooking, bathing and feeding her daughters and sending them to school. Soundscape in the mornings had an unmistakable note in the sing-song voice of an idly seller. That was an old woman from the neighborhood going door to door selling idlis (savory rice cakes). Harini, Sujatha and Vishali, her daughters, liked to have the snow-white, soft and fluffy idlis for breakfast from Idly Patti (Tamil for grandmother), as they fondly called her. On some days, before they went to school, the girls waited a long time to hear the sweet voice of Idly Patti announcing the arrival of delicious, steaming hot idlis on their plates.

Idly Patti grew older and eventually stopped selling idlis. "Why can't I start selling Idlis?" thought Vara. She did not have a grinder to make the idly batter. She bought a grinder, vessels and idly cooker with a small investment from Velayutham and started selling idlis. Velayutham worked as a Hotel Manager at the Mahalakshmi restaurant at Ranipet, an industrial hub. He guided her with the necessary logistic, marketing and economics of the business. Initially, she sold idlis from home.

Spotting potential for entrepreneurship, Belstar staff encouraged her to mobilize an SHG. With the loans from Belstar, she expanded her repertoire to other local specialties such as puri-bhaji, bonda and vada. Idli being a popular breakfast in Tamil Nadu, Vara also started selling packaged idly batter, as many households in the neighborhood did not own a wet-grinder. Soon she set up a tiffin center cum petty shop in the market place. As the business grew, she has employed three members of her Thai India SHG

Varalakshmi  
Kaveripakkam, Vellore, Tamil Nadu

#### FINANCIAL FACTS AND FIGURES

Year	Loan cycle	Source	Amount ₹
2015	Loan Cycle 1	Belstar	15000
2016	Loan Cycle 2	Belstar	30000
2017	MSME	Belstar	100000

#### Loan payment on Schedule

Money invested in Idly Centre – Rs. 5000

Daily profits - ₹200

Current investment in the shop ₹200000

Monthly Profit up to ₹15000

Vara plans to build a home and a separate restaurant on the highway

part-time. Presently, while Vara serves breakfast from home, Velayutham takes freshly made snacks to the tiffin center in the market. The tiffin center is a big hit in the neighborhood. Her committed customers dearly miss it on days when it is closed for a weekly off.

Velayutham's hotel job at Ranipet is very time intensive. He has to work there for long hours. He neither has the job satisfaction, nor can he spend quality time with his family. When Vara's business is well established, he plans to leave the job and start working with Vara. With Velayutham's active involvement, eventually, Vara wants to start serving all three meals at her center. Vara also wishes to start a restaurant on the highway that passes by Kaveripakkam. Building a new home for the family and a separate hotel space are on the top of her bucket list.



Varalakshmi spotted the opportunity and boldly ventured into the business

### **A Born Entrepreneur**

A graduate in Computer Science, Ezhilrani was on cloud nine when she landed a job offer in a software firm in Arumbakkam, Chennai. But she had to say farewell to her dreamland when she married Kumar, a family friend from Konalur, her native village. Their two children were born soon after. But marriage and children could not keep her away from her proactive social self for too long. Ezhilrani joined Durgadevi SHG in 2007 and became an Animator for the group. She was quite familiar with SHGs and associated processes right from her student days. She has been writing accounts for several years for nine SHG and the PLF in Konalur.

After joining Durgadevi SHG, Ezhilrani attended trainings in SHG basics, financial literacy, economic activities and a special training to run HIH India's Citizen Centre. She carried out the activities of the Citizen Centre in Konalur. She also participated in the UNINOR mobile training for one week and sold

mobile SIM-Cards for some time before the company shut shop.

Soon enough Ezhilrani started her own provision store with an internal loan from her group. She had been a hands-on support for her parents who used to run a provision store for several years. She had the raw business acumen in her blood. With training and funding from Belstar she gained a professional touch and finances.

When her parents could no longer run their shop, they handed it over to Ezhilrani, their only child among the seven others to settle down in Konalur. Kumar, who worked as an agent for Coromandel Cement helped her with running of the shop in his free time. Eventually, her parents' shop had to be demolished because of the road widening. Putting together her savings, internal loan and the MSME loan from Belstar, Ezhilrani has invested nearly Rs 300,000 for construction of a new space for her provision store merging the two shops.

Ezhilrani has always been a smart girl. With the leadership role in SHG and her successful entrepreneurship, she has again become her old self, with her confidence soaring high like never before. Her self-assuredness is rubbing on to her group members as well. When a villager died after drinking

country liquor, easily available in the village, the women decided they will have no more liquor tragedies. With Ezhilrani leading, they marched to the District Collector's office and made an earnest representation. The collectorate officers visited Konalur the very next day and closed down the shop in few days' time. The drinking as such has not completely stopped but since liquor is not so easily available within the village, it has reduced. "This is such a sweet victory for all of us, the women of Konalur" says Ezhilrani.

Ezhilrani

Konalur, Tiruvannamalai District, TN

#### FINANCIAL FACTS AND FIGURES

Year	Loan cycle	Source	Amount ₹
2010	Loan Cycle 1	Belstar	15000
2013	Loan Cycle 2	Belstar	20000
2015	Loan Cycle 3	Belstar	40000
2018	MSME	Belstar	100000

Loan payment on Schedule

Money was invested in the provision store

Income from other ventures

- Monthly investment Rs. 60000
- Monthly turnover Rs. 90000
- Monthly income Rs. 30000



Ezhilrani managing her shop

## 'A Will To Live', Her Second Name

The 7<sup>th</sup> Class-Pass Ambika, married at the age of 17 and within two years of marriage went through pregnancy, child birth, ill-treatment at the hands of an alcoholic violent husband and a divorce. Phew!!!! Ironically, the divorce was the best thing that happened in her young life. Her parents gave her all the emotional support she needed, but they had no means of any livelihood that one can bank on. Devu, Ambika's mother worked as a housemaid and Kuppaswami, her father tilled a small agricultural land. Ambika was left to her own resources. Today, Devu, 55, continues to work as a housemaid and Kuppaswami, 60, can no longer till the land because of aging and ill-health.

Ambika's neighborhood has long been full of dairy farmers. Hence, she too decided to venture into dairy farming and bought her first cow some fifteen years back. She paid around twenty five thousand rupees for the cow from her own savings that time. With no formal dairy training in cattle rearing, Ambika learned the tricks of the trade watching her neighbours managing their cattle.

With a burning desire to move upwards in life, she was clueless, when she first heard about Belstar through her neighbourhood friends. Ambika contacted Latha, the Credit Officer from Belstar. Latha gave her a detailed perspective on Belstar. She gave Ambika the courage and confidence to take her difficulties head-on. Ambika with the help of Latha persuaded 5 other members in the area to join and create the "Mookambika" JLG. Recently Ambika has bought a cow using twenty thousand rupees loan from Belstar and additional ten thousand rupees of her own savings.

Currently the family has four cows and three calves. She says, "dairy business is profitable and she is comfortable with the occupation". Selling about 14 litres of milk to the milk society daily, she earns about 20000 rupees a month. Ambika has plans to buy more cows and pursue dairy farming much more effectively. She has now applied for the second cycle of loan with Belstar.

Ambika has participated in Belstar's Customer Connect Program meant for awareness creation on current government subsidized income generating plans, specifically in the area of animal husbandry. Now she has learnt that the credit plus services provided by Belstar are more integrated and pro-customer than those offered by other MFIs.

Technical skill trainings, financial counselling, business skill trainings and continuous hand holding of the borrowers till they are empowered enhance quality of business enterprises. The CO has helped Ambika and the other members of Mookambika JLG to apply for animal insurance.

After delivering milk in the society, Ambika goes to work in Khadi Board where she has a full time job now. The additional 2000 rupees

Ambika,  
Palakkad District, Kerala

### FINANCIAL FACTS AND FIGURES

Year	Benefit	Source	Amount ₹
2013	Loan Cycle 1	Belstar	20000

Loan payment on schedule

Current monthly income form dairy - ₹20,000



Ambika's journey of hope, joy and success



that she gets as a monthly salary comes handy for her daughter's education, who has completed schooling till 12th standard and now plans to pursue a diploma in technical education. At 34, Ambika cannot believe that now she is her own master. She is the breadwinner for the family of four including her daughter and parents. Ambika has come a long way from the weak and vulnerable adolescent mother.

### Business Runs in Her Blood

32 year old Vaishali attended school till 10th standard. She completed her 12th standard exam as an external student, because, by then, she had started working in her father's factory. The factory manufactured Rangoli powder, decorative colored powders, liquid to shine brass objects, floor washing liquid and other assorted products. Vaishali has also completed a diploma in nursing and worked at a private hospital for couple of years. But her true calling was running her own business. That is why, after her wedding with Prakashji, when his parents asked him to start his own business independent of the family's joint business, Vaishali encouraged him to take the leap forward.

Vaishali was the inspiration as well as source of confidence for Prakashji. She declined Prakashji's advice that she should rather continue to do the job at a hospital rather than risking her career for his start-up. Instead she preferred standing shoulder to shoulder with Prakashji, sharing responsibilities for their budding provision store. Vaishali is an equal partner in the Hanuman Kirana Store, which they have been running for past 7 years. She manages the shop without missing on her kitchen duties and her responsibilities towards their two children.

When Vaishali needed working capital for the shop she could borrow some small amounts from relatives and money lenders on high interest rates. She has also taken loans from another MFI couple of times. In April'17, she approached Belstar's Kothrud branch and started taking loans which also come with insurance cover. Vaishali and Prakashji, both feel settled in the business and share the dream of starting a supermarket someday. 'Would you like your children to take up business when they grow up?', we asked her. "No way, I would send my elder one to study medicine" she wants to re-live her old passion to serve the sick through her daughter.

Vaishali,  
Kothrud, Pune District, Maharashtra

#### FINANCIAL FACTS AND FIGURES

Year	Benefit	Source	Amount ₹
2016	Loan 1	Other MFI	15000
2017	Loan 2	Other MFI	29000
2017	Loan Cycle 1	Belstar	20000
2017	Life Insurance	Exide	25000
2018	Loan Cycle 2	Belstar	40000
2018	Life Insurance	Exide	45000

Loan payment on schedule

Current monthly income - more than Rs. 4000

Wants to open a supermarket someday



Carrying forward family's traditional business

## Finding their Feet

The love struck Anitha and Mani struggled long and hard, to seek blessings for their nuptial union from their parents. Incensed with the continued skirmishes with family and relatives even after their marriage, the couple shifted to Renigunta in Andhra Pradesh to start a new life. Mani began supplying samosas and other snacks to the Railway Canteen on contract basis. They were blessed with two lovely sons. Mani and Anitha were living their dream, until, on one dark day Mani lost his legs in a tragic train accident in February 2018. After Mani's discharge from the hospital, Anitha returned to Manavalan Nagar, where her parents lived. Leaving behind all the previous unpleasantness they shared, Anitha's parents welcomed their daughter with open arms, with her two sons, and Mani, disabled, jobless and dependent.

Anitha, traumatized and clueless, joined the Venbha SHG, as advised by Pavithra, her sister. Anitha started picking the threads of her shattered life with emotional support from family, friends and the SHG members. With time, a sense of normalcy seemed returning with participation in group meetings and awareness campaigns.



The protective shield of love



Mani's PMJJSY card

During one such awareness building meeting by Belstar's Credit Plus team, Anitha got to know about the Government's subsidized Social Security Schemes. She briefed the Credit Plus team members about her situation. Instantly, they initiated the application process for both life insurance and accident insurance policies for Anitha and her family. At that time Anitha was not aware that the family already has Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), issued through the Canara Bank where she has a joint bank account with Mani.

The Credit Plus Officer immediately intimated the bank about Mani's accident and his eligibility for the insurance claim. Guided by the Bank, the Credit Plus team helped securing an FIR from Railway Police, Discharge Summary from Hospital, Savings Bank Account summary, Aadhar link details etc., and helped Anitha with submission of these documents. The family will soon receive Rs 2 lakhs as compensation from the government.

The Credit Plus team appraised Anitha's capacity and helped her join the beautician training course offered by INDSETI (Indian Bank Self-Employment Training Institute) at Tiruvallur. The course is offered free of all costs. The institute also bears daily travel expenditure of the trainees and food is provided at the training venue during the training period. After the training, Anitha plans to open a beauty parlour using a Belstar loan of ₹30000. "So what if Mani has lost his limbs. I have strong shoulders and a pair of firm feet", says Anitha with a soft smile mildly lighting her face. The wounds are too deep to heal yet.



Anitha is all eyes and ears in the INDSETI classroom for beautician training

### **The Late Bloomer**

Amaravathi, like her nine siblings, has never ever been to a place called school. Cheyyur, where she was born, brought up and married, was her entire world, till she shifted to Vandavasi, with Subramaniyan, her husband. He was a BSNL employee, now retired. Once in Vandavasi, there was no going back to Cheyyur, 'a nondescript place'. The family stayed in Vandavasi beyond Subramaniyan's retirement and settled there. Vandavasi, being a town, had lots to offer in terms quality of life and opportunities. Muthukkal SHG, mobilized by HIH India, was one of them.

Amaravathi joined the SHG in 2012 and participated in all its activities with great zeal. She attended the SHG basic training besides the financial literacy training, entrepreneurship training and capacity building training. There were no shops in the area where Amaravathi lived. Seeing an opportunity, and motivated by the trainings, she started Senthilmurugan Ice Cream Land, named after her son, with the help of her husband and son. Once the shop was established she also started the drinking water can business and mobile recharge service. This automatically helped increase the footfalls in the ice-cream shop.

Amaravathi, who has not attended school and had no prior business experience, is a successful entrepreneur at 52, with a much-diversified business. She has plans to open a gift shop too! Whew! Life is truly a circus. Enter the show, when it suits you and start enjoying it instantly, no matter at what stage of your life. That's Amaravathi! A late bloomer!



Amaravathi and her business ventures

Amaravathi  
Cheyyur, Tirupur District, Tamil Nadu

#### FINANCIAL FACTS AND FIGURES

Year	Loan cycle	Source	Amount ₹
2013	Loan Cycle 1	Belstar	15000
2015	Loan Cycle 2	Belstar	24000
2017	Loan Cycle 3	Belstar	40000
2018	MSME	Belstar	100000

Loan payment on schedule

Money invested in Ice-cream shop

Water can business

Mobile recharge service

Income from Ice Cream shop

> About 60000 a month. It dips in monsoon months

> Monthly expenditure ₹75000

> Monthly turnover ₹100000

> Monthly income ₹25000

Plans to open a gift shop soon.



#### Selvi, The Phoenix Rising From Ashes

It was a 'love at first sight' for Selvi and Sivakumar, before they got married. When Selvi married Sivakumar, he was working as a door keeper in a private firm earning peanuts. Sivakumar's economic or social status was the last thing on Selvi's mind. She was firm on her decision and assumed responsibility of their safe and secure married life together, as her parents were not very forthcoming with any support.

In the very beginning, she collected cow dung from roads and from other dairy farmers, to make cow dung cakes to be used as cooking fuel. She sold them in her neighborhood. She worked hard and saved money to buy a sewing machine. Selvi knew some tailoring, as her father was a tailor. She started her own tailoring business after buying a machine. She also learnt embroidery and aari work on dresses and

sarees. Very soon, she started selling embroidered sarees online to Bombay and Kolkata and started taking embroidery assignments for silk sarees from Kumaran Silks, the well-known Saree shop in Chennai. Eventually Selvi also went for beautician training and gained expertise as a professional beautician as well.

As she became a known name in the world of embroidery, Puducherry Government's Labor Department started engaging her to conduct training in stone work and aari work for making designer blouses. She has been also offering beautician training on behalf of the Employment Office. Besides the Government courses, Selvi teaches tailoring at Kamaraj Home, Tindivanam.

"She has provided skills and self-assurance to hundreds of young women trainees. Her students fondly remember her, and visit her often", Sivakumar, her proud husband, tells us. While Sivakumar continues to work as a door keeper, Selvi, like the phoenix rising from the ashes, has gone on to become an expert trainer from her humble beginnings when she made living out of collecting cow dung and drying it to be used as cooking fuel.

Selvi,  
Gaundanpalayam, Puducherry

#### FINANCIAL FACTS AND FIGURES

Year	Loan cycle	Source	Amount ₹
2013	Loan Cycle 1	Belstar	10000
2014	Loan Cycle 2	Belstar	20000
2016	Loan Cycle 3	Belstar	30000

Loan amounts were invested in buying sewing machines and accessories for embroidery, cloth material and sarees

Loan payment on schedule

Monthly Income from tailoring and embroidery business ₹20,000

Income as a trainer

From employment office - Rs. 1500 a day

From Kamaraj Home - Rs. 1000 a day

Yearly income as a trainer Rs. 40000.



Selvi at her training sessions

## MANAGEMENT DISCUSSION AND ANALYSIS: FY 17-18

### The year that was:

Investor stake raise	Muthoot Finance Ltd (MFL) the holding company increased its stake from 64.60% to 66.61%
Branch expansion	25 new Joint Liability Group (JLG) branches opened in the states of Kerala (17), Odisha (2) and Chattisgarh (6); in addition 34 new SHG branches were taken over from Hand In Hand India in the States of Tamil Nadu (31), Madhya Pradesh (1) and Karnataka (2). Twenty two branches were bifurcated. With this, the total number of branches is 234 as on March 31 <sup>st</sup> , 2018
Portfolio Growth	<ul style="list-style-type: none"> <li>• Growth rate of 97.44% in Gross Loan Portfolio from ₹575.91 Cr in FY 2016-17 to ₹1137.06 Cr in Fy 2017-18.</li> <li>• Cashless disbursements steadily increased from 21% in Q-1 to 100% in Q-4</li> </ul>
Credit Plus	<p><b>MAJOR THRUST ON CREDIT PLUS ACTIVITIES</b></p> <p>State training officers and regional credit plus officers delivered more than 18 types of credit plus services to our clients</p>
OD and PAR	<ul style="list-style-type: none"> <li>• OD at 7.44 Cr and PAR &gt; 1 day at 18.40 Cr as on 31st Mar' 2018</li> <li>• PAR is 1.62% of Gross Portfolio in Mar'18 as against 2.18% in Mar'17</li> <li>• Tamilnadu, Karnataka and Maharashtra constitute 76% of PAR as on Mar'18</li> </ul>
Funding - Growth and Diversity	<ul style="list-style-type: none"> <li>• Borrowings increased by 71% to 1115.96 Cr in Mar'18</li> <li>• Tier-2 funding availed ₹22 Cr in the form of NCDs</li> <li>• New lenders- Equitas SFB, OBC, Mahindra Finance, Dena Bank, Syndicate Bank, CBS, A.K.Capital, Reliance MF, Axis Bank, BBK, Birla Sunlife MF, Woori Bank, IDFC, Kotak Bank.</li> <li>• Preference share issue mopped up ₹31 Cr</li> </ul>

## AWARDS AND RECOGNITIONS

### Hand in Hand India - Our Parent NGO:

- HIH wins award from Inclusive Finance India in Dec 2017, for its unique Credit-Plus model for empowering rural women.
- HIH honoured by NABARD for their pioneering work in the SHG movement.

### Credit Rating:

- The Company secured a Credit Rating of “CARE A” for its long-term bank loans and “CARE A” and “ICRA A” for its long-term debt-NCD.

### New Initiatives



### Risk and Audit:

- As part of the growth strategy and keeping in mind the need for better controls and quality improvement, an independent risk structure has been implemented. The structure comprises of Risk executives and Regional Risk Managers at the field reporting to the Chief Risk Officer. Defining of roles and responsibilities with detailed job description and training are part of this initiative.
- The audit structure has also been revamped with a decentralized team working at the field level, closely monitored by the central team at HO. Changes in audit coverage, frequency and report structure and content have also been implemented to strengthen and make the audit function more robust and effective.

### ERP Platform:

- With a view to have a common application across verticals, the SHG business was migrated to Jayam e-Fimo during the year. Consequently, both SHG and JLG businesses now run on Jayam e-Fimo along with the Financial Accounting module in the back-end.

### TAB Application:

- A major technology initiative that kick started towards the last quarter of the year was the implementation of TAB with the mobile Jayam m-Fimo application. As a first phase the customer on boarding to sanction process is being implemented across all branches.
- In the subsequent phases, disbursement and collection modules would be implemented.

- With tab in their hands the Credit Officers are expected to work more efficiently and effectively thus contributing to better customer satisfaction through shorter TAT.

### COC:

- The Centralized Operations Center (COC) in Chennai commenced operations in Q-3 of this FY. It is a 50-seater back-office for handling the entire Tamil Nadu operations. All data entry is done here by trained staff after passing through quality checks including but not limited to customer calling.
- A COC has also been set-up in Davanagere, to cater to the requirements of Karnataka branch operations. Plans are underway to set up a few more COCs in the northern and western zones.

## ANALYSIS OF OPERATIONAL PERFORMANCE

### Overview

Particulars	FY 2017-18	FY 2016-17	FY 2015-16
Total Branches	234	155	76
Active Borrowers	4,90,198	3,36,871	2,08,702
No of States	8	7	5
Gross Portfolio (₹Cr)	1137.06	575.91	264.26
Managed Portfolio (Securitized) (₹Cr)	60.90	9.13	-
Portfolio Outstanding - Net ( ₹Cr)	1076.16	566.78	264.26
Total Staff	1783	1093	561
Repayment %	97	98	99.21
PAR>1 (₹Cr)	18.40	12.60	0.58

### Customer Loyalty

S. No.	Customer Vintage with the Company	FY 2017-18 %	FY 2016-17 %	FY 2015-16 %
1.	Less than 1 year	42	43	31
2.	1-3 years	35	36	29
3.	3-5	23	21	40



## State-wise Portfolio

The State-wise distribution of the Gross Loan Portfolio (GLP) from 2015-16 till 2017-18 is as follows:

State	FY 2017-18		FY 2016-17		FY 2015-16	
	Portfolio	%	Portfolio	%	Portfolio	%
Tamil Nadu	867.65	76.31	447.15	77.64	195.70	74.05
Puducherry	32.04	2.82	23.38	4.06	18.01	6.81
Karnataka	70.32	6.18	43.61	7.57	29.55	11.18
Madhya Pradesh	67.81	5.96	32.98	5.73	13.23	5.02
Maharashtra	52.35	4.61	21.33	3.70	7.77	2.94
Kerala	21.20	1.86	3.46	0.60	-	-
Odisha	17.66	1.55	4.00	0.70	-	-
Chattisgarh	8.03	0.71	-	-	-	-
Total- Rs Cr	1137.06	100	575.91	100	264.26	100

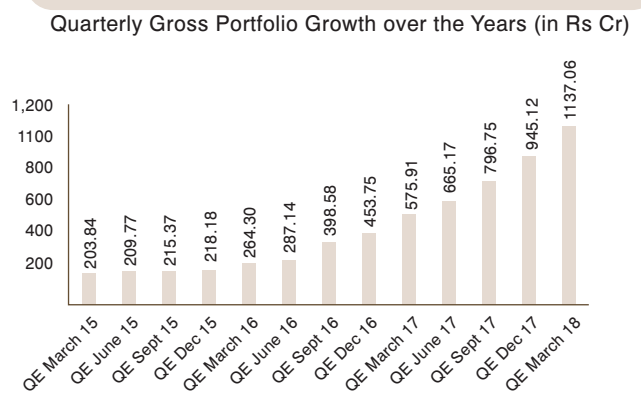
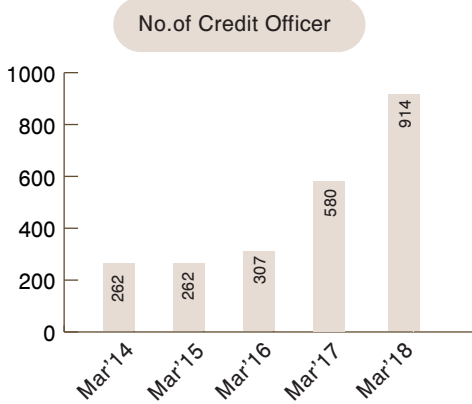
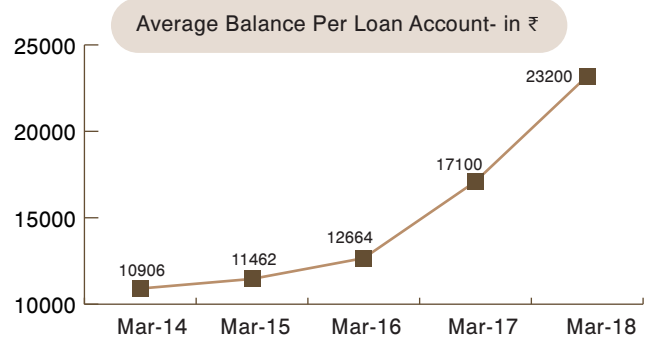
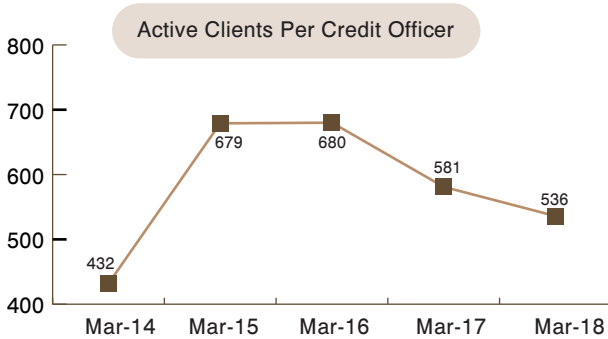
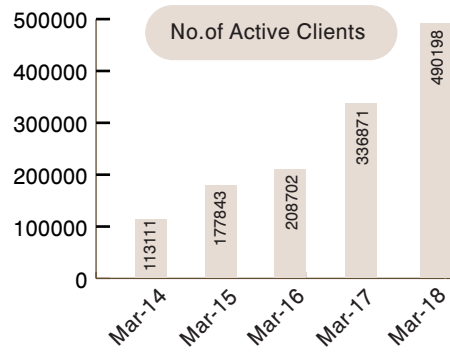
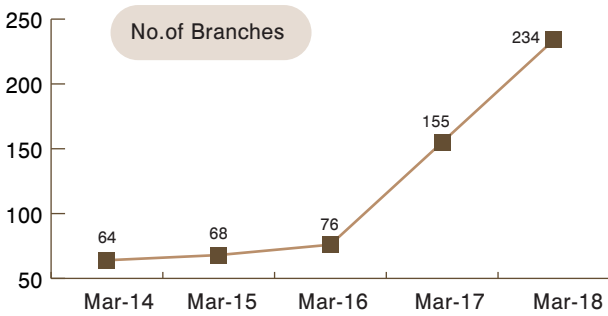
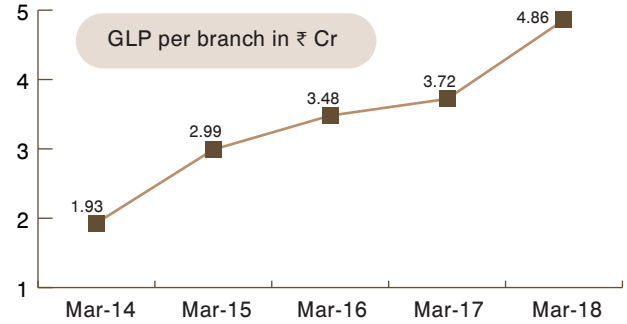
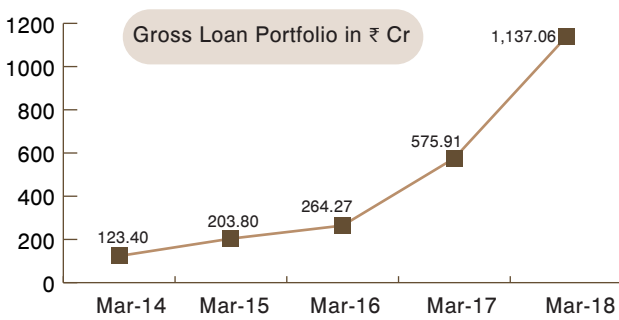
## Activity-wise Portfolio

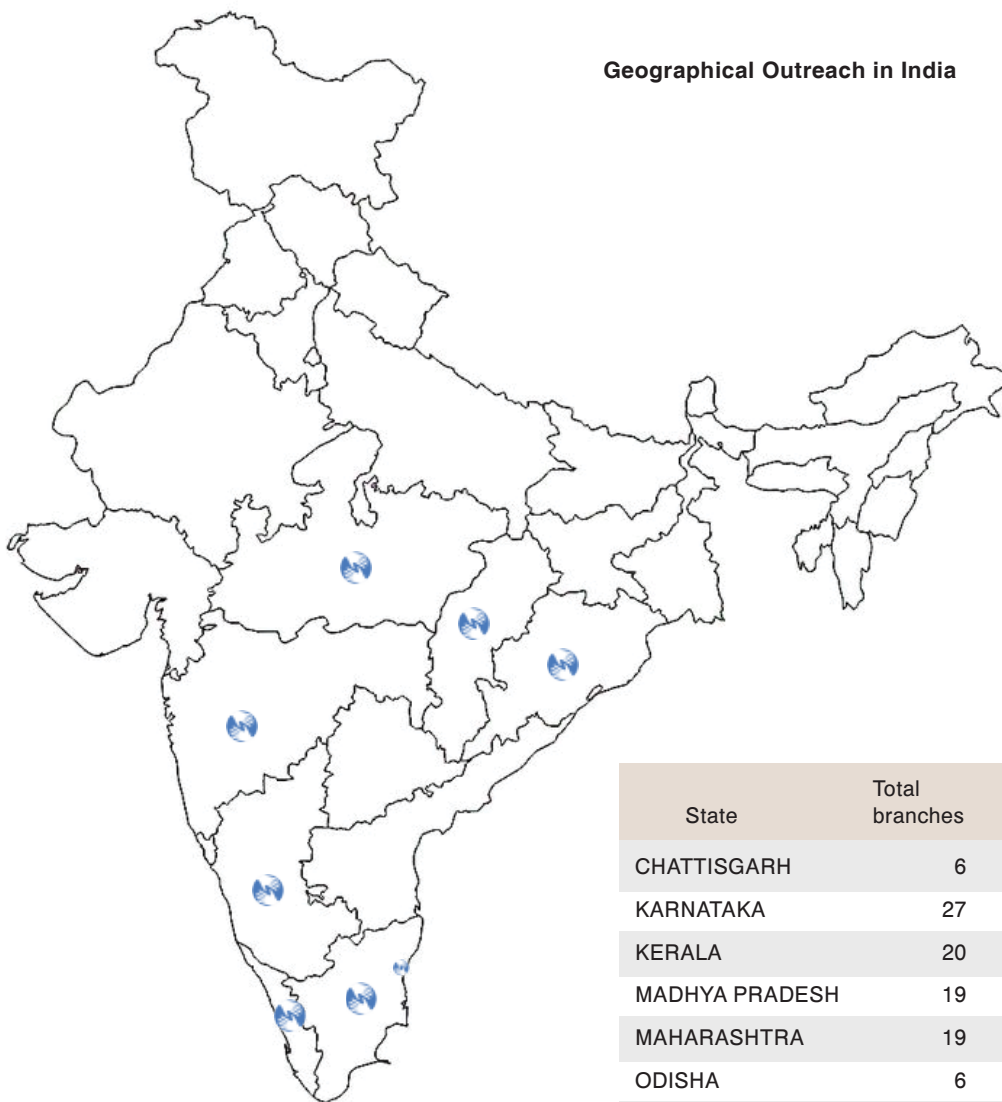
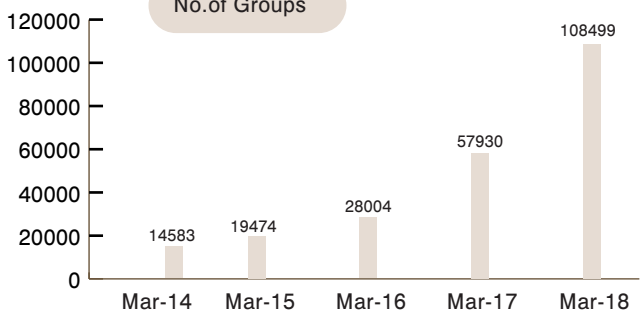
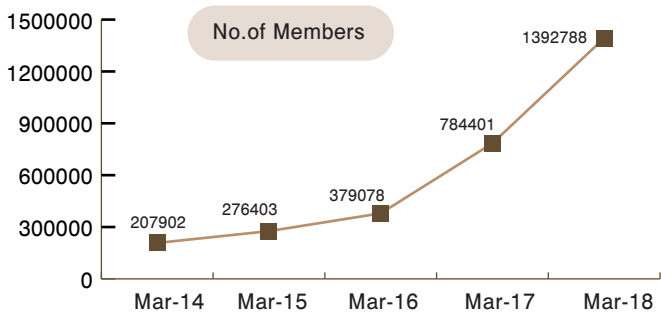
The activity-wise breakup of the GLP from 2015-16 till 2017-18 is as follows: (in %)

S. No.	Activity	FY 2017-18	FY 2016-17	FY 2015-16
1.	Agriculture & Allied	54.55	58.13	51.20
2.	Education loan	1.65	3.22	2.70
3.	House Improvement	-	0.11	0.69
4.	Production & Manufacturing	3.67	2.68	18.92
5.	Service	15.19	24.15	16.15
6.	Trade & Business	18.11	9.75	10.34
7.	Consumer Goods Loan	2.35	1.61	-
8.	MSME Loan	4.47	0.32	-
9.	Water & Sanitation	0.01	0.03	-
	Total Percentage	100	100	100

## OPERATIONAL DASHBOARD

The operational performance of the company during the last five years is graphically presented as below:





**Geographical Outreach in India**

State	Total branches	Gross Loan Portfolio (₹ CR)
CHATTISGARH	6	8.03
KARNATAKA	27	70.32
KERALA	20	21.20
MADHYA PRADESH	19	67.81
MAHARASHTRA	19	52.35
ODISHA	6	17.66
PUDUCHERRY	5	32.04
TAMIL NADU	132	867.65
<b>TOTAL</b>	<b>234</b>	<b>1,137.06</b>

## ANALYSIS OF FINANCIAL PERFORMANCE

### Financial Results

During FY 2017-18, total revenue was Rs. 218.90 Cr, an increase of 111.74 % over the last financial year. Gross expenses stood at Rs. 169.35 Cr during FY 2017-18, an increase by 93.73 % over the last financial year. The profit after tax is Rs.33.66 Cr in FY 2017-18, an increase by 222.4% over the last financial year.

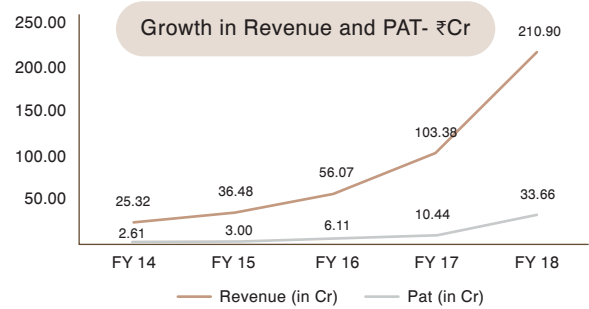
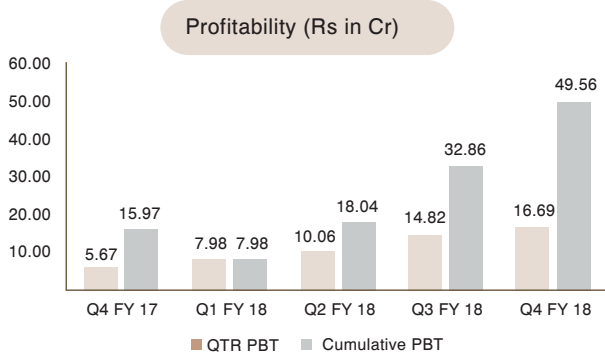
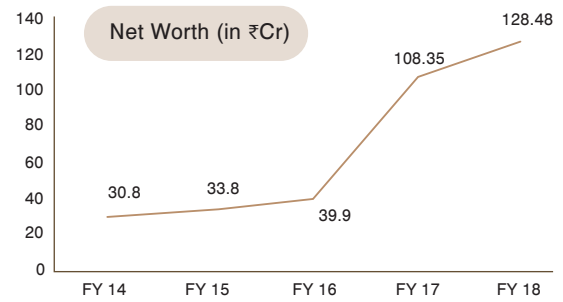
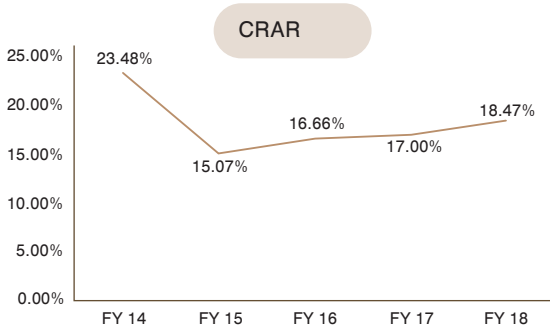
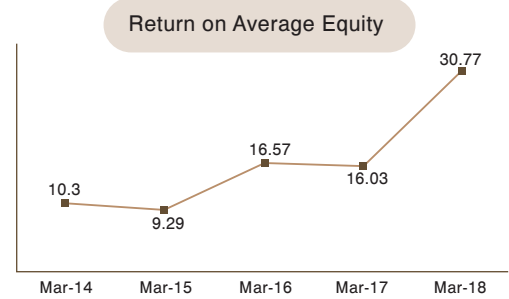
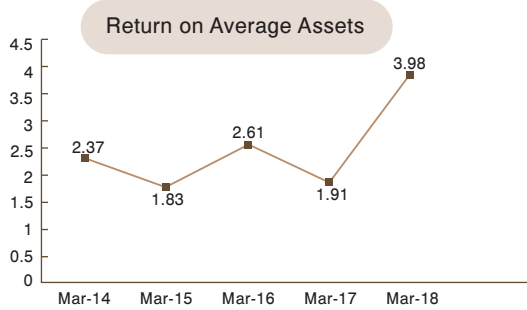
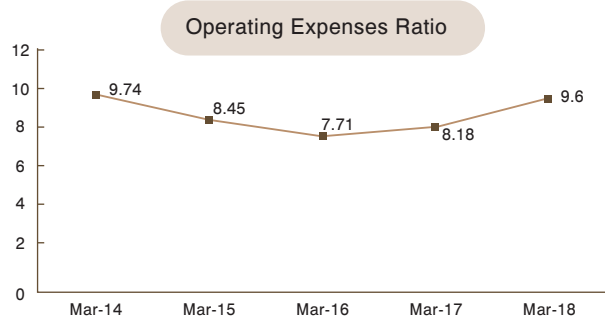
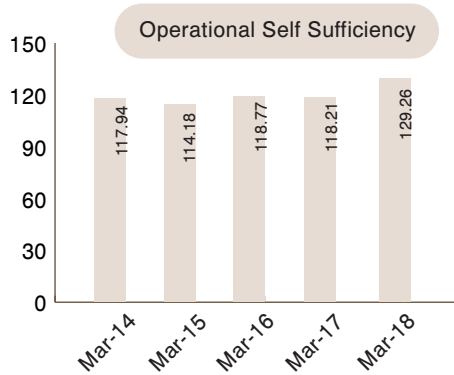
### Where We Stand Today

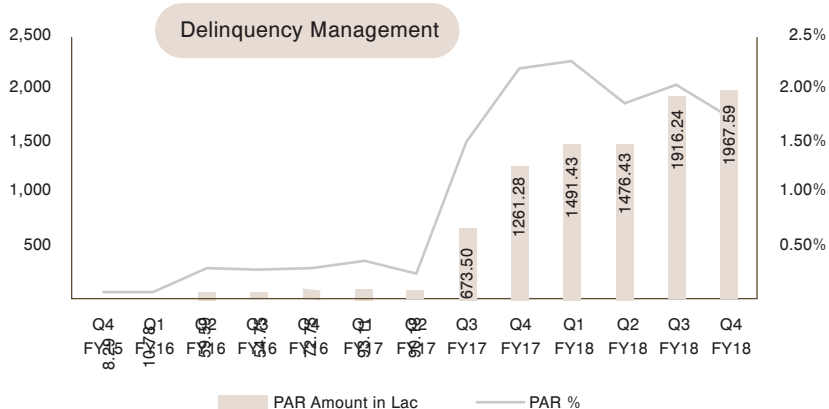
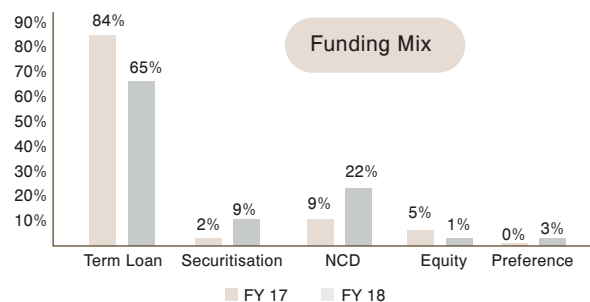
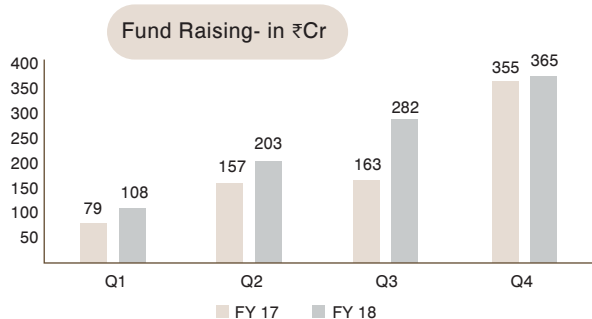
S.No.	Details	Amount in ₹Cr
<b>Business Operations</b>		
1	Cumulative Disbursement upto Mar 18	2,962.08
2	Disbursement in Fy 17-18	1,280.61
3	Gross Loan Portfolio as on Mar 18	1,137.06
4	Revenue from Operation FY 17-18	218.90
<b>Solvency &amp; Liquidity</b>		
5	Networth as on Mar 18	128.47
6	Capital Adequacy Ratio FY 18 (%)	18.5
7	Funding Drawdowns FY 18	919.94
8	Cash and cash equivalents as on Mar 18	132.65
<b>Efficiency</b>		
9	Effective cost of Borrowing FY 18 (%)	14.0
10	Cost to Income ratio FY 18 (%)	77.4
11	Collection efficiency FY 18 (%)	96.7
12	Net interest Margin FY 18 (%)	12.5

The key financial ratios are as below:

Key Financial Ratios in %	FY 2017-18	FY 2016-17
CRAR	18.14	17.00
ROAA	3.98	1.91
ROAE	30.77	16.03
Gross NPA	0.80	0.10
Net NPA	0.31	0.01
Debt /Equity Ratio (times)	5.54	6.02

## Financial Dashboard





### Training and Credit Plus Services Support to Clients:

The company has increased its focus for providing various training programmes and credit plus services targeting the clients, as part of its mission towards client education and financial inclusion. In-house capacity building measures have been implemented by forming the credit plus team at the field level and together with continued support from Hand in Hand India, various skill development and awareness trainings were organized for SHG members to enable them to understand their roles and fulfill their responsibilities effectively. Similar training and credit plus services are being provided to the JLG members too, which would be enhanced from FY 18-19 onwards.

### Capital Adequacy:

The Capital to Risk Adjusted Assets (CRAR), at the end of the year was at 18.14% indicating the level of leverage on the existing capital base. Pursuant to the RBI Circular DNBR (PD).008/03.10.119/2016-17 dated September 01, 2016 (NBFC Master Direction/2016), the company became a Systemically Important NBFC and hence classified as “Non-Deposit taking NBFC (NDSI-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 computed for the company in accordance with the said Circular is 5.54 as on the date of the Balance Sheet which is significantly below the prescribed ratio of 7.

## Funding Trends:

Outstanding borrowings from different sources at the end of FY 2017-18 in comparison with the previous year is depicted below:

Particulars	Amount outstanding Rs. Crs	
	As on March 2018	As on March 2017
Bank	658.83	286.23
NBFCs/Financial Institutions	198.46	295.32
Foreign Sources (ECB)	Nil	11.00
NCDs	258.67	60.00
Securitization / Buyouts	60.90	9.13

## Information Technology:

- After Belstar was classified as a systematically important MFI-NBFC by RBI, formation of a new IT governance framework has been initiated.
- All data pertaining to operations in SHG branches has been migrated from Navision application to JAYAM e-Fimo application which is already being used for the JLG vertical. JAYAM e-Fimo is now available across all verticals in a new revised version which went live (Phase-1) between 3rd October 2017 and 7th October 2017 in batches.
- The key features of the application include:
  - ~ A single application for all business verticals and functions such as loan origination at field using mobile applications, loan management system, financial and accounting functions, treasury, HRMS and audit.
  - ~ It ensures data consistency, enables easier maintenance of the systems and reduces costs.
  - ~ It also integrates with other third-party applications like Credit Bureau Verification, UIDAI, CERSAI-KYC, Banks and pre-paid card applications.
- TAB implementation of Jayam m-Fimo has commenced and will be actively implemented during FY 18-19 to cover all branches.
- Focus areas for FY 18-19 include digitization of collections, stability of Jayam application, business analytics and compliance to RBI Master Direction on Information Technology Framework for NBFCs dated June 08, 2017.

## HUMAN RESOURCES DEVELOPMENT:

### Restructure:

Organizational restructure was carried out resulting in better controls, clarity in roles and responsibilities and an overall improvement in the efficiency, effectiveness and customer satisfaction.

State Head positions were introduced and experienced personnel from the industry were recruited. This resulted in decentralization of the monitoring of field operations with clear accountability on achieving the business targets and other operational parameters.

Regional positions in the areas of HR, IT, Finance, Audit and Risk were created and filled up to ensure regular monitoring of field operations and improved timely support to the field staff.

### Staff connect:

Initiatives implemented to improve the people connect and bonding with the management and the company include:

- Organizing skip level meetings at the regional level where the staff get an opportunity to directly interact with the MD without their immediate supervisors.
- State guardian concept where senior management from HO have been assigned specific states/regions resulting in regular visits for business reviews and interaction with field staff to understand and address their grievances and concerns.
- Launch of “Belstar Trek” an internal quarterly e-newsletter, showcasing major happenings in the company, case study of our customer success stories and a story corner providing motivational messages.
- Business review meets where the senior team from the regions interact with the HO senior management and understand the company’s vision, plans and expectations.
- Business contests where winners are incentivised monetarily or otherwise.
- Health insurance cover extended to include spouse and children.

## WAY FORWARD FOR FY 18-19:

### Equity raise:

The company expects to raise Equity capital to the extent of Rs 210 Cr to meet its business plan targets.

### Expansion:

The company has planned to take over 3 SHG branches from Hand in Hand India, bifurcate 37 of its existing branches for improved productivity and will open 29 new branches in SHG, adding up to a total of 231 Nos. of SHG Branches by March 31,2019.

Further, on the JLG business, the company will expand its business in Gujarat, Rajasthan, UP and Bihar, besides making further inroads in the states of MP, Odisha, Kerala and Chattisgarh and will open around 145 new branches across India.



**New Products:**

The company proposes to expand the geographical coverage of Consumer Goods Loan and MSME Loan product. In addition, the company proposes to do personal loans and asset-based lending, besides exploring the Business Correspondent Model for its micro-finance lending.

**TAB roll-out:**

Implementation of the mobile application of Jayam which was piloted in Q-4 of FY 17-18 will be rolled out in a phased manner covering all existing and new branches. This will also pave way for the implementation of C-KYC compliance.

**COC expansion:**

Plans are underway to set up COC in MP and Gujarat, to support back office operations of the northern and western belt regions of the Company's branch network.

**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

sd/-  
Dr Kalpanaa Sankar  
Managing Director

sd/-  
Dr. N Jeyaseelan  
Director

Date: July 31, 2018  
Place: Chennai

## DIRECTORS' REPORT

### To the Members,

Your Directors have great pleasure in presenting the Report of the Board of Directors of your Company together with the Audited Financial Statements for the year ended 31st March 2018, and the Auditor's Report thereon.

You are our valued partners in the Company and we are happy to share our vision of growth with you. Our guiding principles are a blend of optimism and conservatism, which has been and will be the guiding force of all our future endeavours.

The summary of operating results for the year is given below:

### FINANCIAL RESULTS:

The financial performance of the company for the year ended March 31, 2018 is summarized below:

₹ Cr

Particulars	FY 2017-18	FY 2016-17	Change (%)
Total Income	218.90	103.38	111.74
Less: Total Expenditure	169.35	87.41	93.74
Profit / (Loss) for the year before Taxation	49.55	15.97	210.27
Less: Tax Expense	15.89	5.53	187.34
Profit / (Loss) for the year after Taxation	33.66	10.44	222.41
Earnings per share (₹per share)	14.44	4.49	204.23

### DIVIDEND

#### Dividend on Equity Share Capital:

The Board discussed that the company is in the final stage of raising capital from the existing shareholder along with a new investor. In this scenario, the Board of Directors felt that it is prudent to plough back the profits for future growth of the company and do not recommend any dividend for the financial year ended 31<sup>st</sup> March 2018 for the equity shareholders.

#### Dividend on Preference Share Capital:

Dividend at the rate of 10.25%, per annum (excluding Dividend Distribution Tax) is payable on the Rated, Non-Convertible, Redeemable, Cumulative Preference Shares in September 2018. The company has made necessary pro-rata provision for dividend in this regard in its Financial Statements.

## Transfer To Reserves

As per the statutory requirement under Section 45-IC of the Reserve Bank of India Act, 1934 an amount equivalent 20% of the profit after tax, being Rs. 6.73 Crore, has been transferred to Statutory Reserve.

## Transfer To Investor Education And Protection Fund

The company is not having any unclaimed dividend which are due for remittance into Investor Education and Protection Fund.

## Changes In Share Capital

### I. Authorised Share Capital

During the year under review, the Authorised Share capital of the company has increased from ₹ 25,00,00,000/- (Rupees Twenty-Five Crore only) divided into 2,50,00,000 (Two Crore Fifty Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each, to Rs. 100,00,00,000/- (Rupees Hundred Crore Only) comprising 6,90,00,000 (Six Crore Ninety Lakhs) Equity Shares of Rs. 10/- each and 3,10,00,000 (Three Crore Ten Lakhs) Preference Shares of Rs. 10/- each, by creation of additional 4,40,00,000 (Four Crore Forty lakhs) Equity Shares of Rs. 10/- each and 3,10,00,000 (Three Crore Ten Lakhs) Preference Shares of Rs. 10/- each, on 29th November 2017.

### II. Paid up Capital

During the year under review, the paid-up share capital of company has increased from Rs.23,24,65,680/- to Rs.55,64,65,680/-, through:

- A. Allotment of 3,10,00,000 Nos. of Rated Non-Convertible Redeemable Cumulative Preference Shares of Rs.10/- each to M/s. Unifi AIF, Mr. Georgie Kurien and Mrs. Valsa Kurien on Private Placement basis on November 29, 2017 and
- B. Allotment of 14,00,000 nos. of equity shares of Rs.10/- each at premium of Rs. 40/- per share to M/s. Muthoot Finance Ltd on Rights Basis on March 17, 2018.

### III. Disclosure regarding issue of Equity Shares with Differential Rights

The company has not issued shares with differential voting rights during the year under review.

## Resources Mobilization

### (a) Non-Convertible Debentures (NCD's)

During the year, the company has successfully raised a total sum of Rs. 222,00,00,000/- (Rupees Two Hundred Twenty-Two Crore only) in the form of Non-Convertible Debentures (NCD's) through multiple issues, at a weighted average coupon rate of 11.53%. The Directors of the company thank the new investors who have invested in these NCD's. As on 31st March 2018 the company has an outstanding of Rs 42,00,00,000/- (Rupees Forty-Two Crore Only) in the form of Subordinated Debts representing long term source of funds which qualifies as Tier II capital under the Non-Banking Financial company-Systemically Important Non-Deposit taking company (Reserve Bank) Directions, 2016.

## (b) Banks and Financial institutions:

During the year under review, the company has further diversified its sources of funds and raised from banks and financial institutions including NBFC's, that remain an important source of funding for the company. Commercial Banks continued their support to the company during the Financial Year. New funding received during the year under review is as follows:

Particulars	Amount (Rs Cr)
Banks	471
Financial institutions	155
Total	626

## Operational Highlights

The summary of operational highlights is as under:

Particulars	FY 2017-18	FY 2016-17	Change (%)
Number of branches	234	155	50.97
Number of clients (in nos)	490,198	336,871	45.51
Number of employees	1784	1093	63.22
Amount disbursed (Rs. in Cr)	1280.61	651.33	96.61
Gross loan portfolio (Rs. In Cr)	1137.06	575.91	97.44
Gross loan portfolio - other than Tamil Nadu & Puducherry (Rs. in Cr)	237.37	105.38	125.25

It was yet another year when the company witnessed all-round growth, opened/ taken over branches, acquired significant number of customers serving them through 234 branches in the States of Tamil Nadu, Karnataka, Puducherry, Maharashtra, Madhya Pradesh, Kerala, Chhattisgarh and Odisha.

During the year, operations were started in the state of Chhattisgarh, and the total assets crossed more than Rs 1000 Cr. The company was able to raise the necessary funding resources throughout the year to match the business and operational needs, leveraging on its existing relationship with banks and financial institutions, forming relationship with new lenders and through newer debt instruments.

The company has enabled financing via securitization valued at Rs 56,85,19,229/-.

Despite the various challenges like post-demonetisation impact, over indebtedness among rural women and local politics, your company achieved robust growth achieving financing volumes of ₹1280.61 Cr across all sectors, which is around 97 % over and above the volumes achieved in FY 2016-17.

## Events Subsequent To The Date Of Financial Statements

The Authorised Share Capital of the company was reclassified from Rs. 100,00,00,000/- (Rupees One Hundred Crores Only) comprising 6,90,00,000 (Six Crores Ninety Lakhs Only) Equity Shares of Rs. 10/- each and 3,10,00,000 (Three Crores Ten Lakhs Only) Preference Shares of Rs. 10/- each to Rs.100,00,00,000/- (Rupees One Hundred Crores Only) comprising 5,00,00,000 (Five Crores Only) Equity Shares of Rs. 10/- each and 5,00,00,000 (Five Crores Only) Preference Shares of Rs. 10/- each,

by way of Special resolution passed by the members at the Extra-Ordinary General Meeting held on 29th June 2018.

The company has issued 1,90,00,000 Rated Non-Convertible Redeemable Cumulative Preference Shares (NCRPCS) of Rs.10/- each on Preferential Basis at the Extra-Ordinary General Meeting held on 29th June 2018.

The company has issued 42,00,000 Equity Shares of Rs.10/- each at a price of Rs.156.77/- each (Including a premium of Rs.146.77/- per share) on Preferential Basis at the Extra-Ordinary General Meeting held on 29th June 2018.

The company reduced its lending rate on micro enterprice loans from 24.5% to 24%, w.e.f 1<sup>st</sup> April 2018, to pass on the benefit of reduction in weighted average cost of borrowing.

There has not been any event or change, other than those mentioned above, subsequent to the date of Financial Statements that has warranted or materially affected the financial position of the company between the date of closure of financial statements and finalization of the Board Report.

### Change In Nature Of Business

During the financial year 2017-18, your company has started a new pilot project of setting up an exclusive SEL (Small Enterprise Loan) branch to provide business loans of Rs75,000/- to Rs2,00,000/- to small business owners, who were erstwhile micro-finance clients. This segment has been performing extremely well with total disbursements of Rs 29,00,00,000/- during the year, and the company plans to open more such branches in the FY 2018-19. Your company continues to operate in the same business segment of lending to Microfinance clients and there is no change in the nature of business.

### Credit Rating & Micro Finance Grading

The Grading & Credit rating obtained from the Rating Agencies during the year are as below:

RATING AGENCY	INSTRUMENT	Rating	Limit in Rs Cr
CARE	Long Term Bank Facilities	CARE A	1100
	Long Term Debt	CARE A	400
	Subordinated Debts	CARE A-	90
	Preference Shares	CARE A-(RPS)	50
ICRA	Long Term Debt	ICRA A	70
	Subordinated Debts	ICRA A	30
CARE	MFI Grading	MFI 2+	
ICRA	COCA Grading	C2	

### Capital Adequacy

The Capital Adequacy ratio for the year ended March 31, 2018 is 18.14% as against the minimum capital adequacy requirement of 15% by RBI.

### Director And Key Managerial Personnel

During the year under review Board comprised of 7 Directors including 2 Independent Directors. As approved during the 29th Annual General Meeting, Mr. Srinivasan Aravamuthan Iyengar was appointed as an Independent Director of the company.

Mr. KR Bijimon the Non-Executive Director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Ananthanarayanan Subramanian was appointed as an Independent Director of the Company for a period of 5 years from 20th December 2013 to 19th December 2018. Further to the expiry of his tenure, his re-appointment for a further period of 5 years with effect from 20th December 2018 to 19th December, 2023, is recommended to the Members for their approval at the ensuing Annual General Meeting.

Dr. (Mrs.) Kalpanaa Sankar was appointed as a Managing Director of the Company for a period of 5 years from 1st April 2014 to 31st March 2019. Further to the expiry of her tenure, her re-appointment for a further period of 5 years with effect from April 01, 2019 to March 31, 2024, is recommended to the Members for their approval at the ensuing Annual General Meeting.

The others directors on the Board as on 31st March 2018 are Mr. George M Alexander, Mr. George M Jacob and Mr. Natarajan Jeyaseelan.

As per the Companies Act 2013, Dr. (Mrs.) Kalpanaa Sankar, Managing Director, Mr. L. Muralidharan, Chief Financial Officer and Mr. Sunil Kumar Sahu, Company Secretary of the company continue to be the Key Managerial Personnel.

There were no other changes in the Board of Directors of the company during the period under review.

### **Meetings Of Board**

During the financial year 2017-18 the Board met 7 (Seven) times while the Audit Committee met 4 (Four) times. All the recommendations made by the Audit Committee during the year were accepted by the Board. The details of the constitution and meetings of the Board and the various Committees held during the year are provided in the Corporate Governance Report which forms part of this Board Report.

The company has complied with the applicable Secretarial Standards, viz., SS-1 and SS-2, as issued by the Institute of Company Secretaries of India, from time to time.

### **Statement On Declaration By An Independent Director U/s 149(6)**

The Independent Directors of the company have given their declaration that they meet the criteria of independence as prescribed under Section 149(6) and the rules made thereunder and Schedule IV of the Companies Act, 2013.

### **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees.

The main criteria on which the evaluations were carried out were the contribution of the Director in the various deliberations and discussions at the Board and its Committee meetings on matters related to strategy, risk, business performance and growth as well as awareness on norms relating to Corporate Governance, disclosure and legal compliances and contribution of new insights and ideas on business management and growth.

The Board of Directors has expressed their satisfaction with the evaluation process.

## Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors of the company confirms and state that:

- a) In the preparation of the Annual Accounts the applicable Accounting Standards have been followed along with proper explanation in relation to material departures;
- b) 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 profit/loss of the company for that period;
- c) 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) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) 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.

## AUDITORS

### 1. Statutory Auditor:

M/s. N. Sankaran & Co., Chartered Accountants, Chennai, were appointed as the Company's Statutory Auditors at the 26th Annual General Meeting held on 15th September, 2014 for a period of 5 years (Up to 31<sup>st</sup> AGM to be held in the year 2019) subject to the ratification of the members and confirmation of the auditor every year. The Company has received a confirmation from them, stating that they satisfy the criteria provided in Section 141 of the Companies Act, 2013 and the appointment, if made, will be in accordance with the conditions prescribed under the Companies (Audit and Auditors) Rules, 2014.

However, pursuant to the amendment in Section 139 of the Companies Act, 2013 and related rules vide the Companies (Amendment) Act, 2017 and the Companies (Audit and Auditors) Amendment Rules, 2018 notified on 7th May 2018, the requirement of ratification of Statutory Auditors in every Annual General Meeting is omitted. Therefore, the item for ratification of Auditors is placed before the members in this Annual General Meeting without any further ratification required for the remaining term in view of the foregoing. Further in accordance with the resolution passed by the Shareholders in the Annual General Meeting held in the year 2017, the Board of Directors shall fix a remuneration for the Auditors in consultation with the Auditors.

### 2. Secretarial Auditor:

In terms of Section 204 of the Companies Act, 2013 and the Rules made thereunder, M/s. KSM Associates, Company Secretaries (having Firm Registration No. P2006TN058500) Chennai have been appointed as the Secretarial Auditor of the company to conduct Secretarial Audit of the company for the Financial Year 2017-18. The Secretarial Audit Report for FY 2017-18 is attached as "Annexure 1".

## **Cost Audit**

The provisions of the cost audit are not applicable to the company.

## **Annual Return**

In terms of section 92(3) read with section 134(3)(a) of the Companies Act, 2013, a copy of the annual return is available on the website of the company on the following link: <http://belstar.in/investor.php>

As on the date of signing this Board's Report, the above link has the annual return for the year 2017. The annual return for the year 2018 shall be available on the same link upon holding of the ensuing Annual General Meeting, since, in terms of section 92(1) read with Rule 11(1) of the Companies (Management and Administration) Rules, 2014, the annual return in Form No. MGT-7 can be prepared only after the said Annual General Meeting.

## **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 Auditors

The Secretarial Auditor made an observation in the Secretarial Audit Report which is as follows:

"The company having become a listed public company with effect from 12th May 2017, composition of the Board is not in accordance with Section 149(4) as there are only 2 (two) Independent Directors on the Board of the company."

In response to the observation, Board informed that as the Articles of Association of the Company (AOA) has a restriction of 7 Directors on the Board, the company was not able to increase its Board strength. Further to this, Board informed that in the Meeting of Nomination and Remuneration Committee held on 11th May 2018, it was discussed and recommended for the appointment of another Independent Director. The same will be completed on or before the Annual General Meeting."

## **Fraud Reported By Auditor**

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

## **Holding, Subsidiary, Associate And Joint Venture Company**

Muthoot Finance Ltd continues to be the holding company as on 31<sup>st</sup> March 2018.

The company does not have any subsidiary Joint Venture or Associate Companies as on 31<sup>st</sup> March 2018.

## **Contracts / Arrangements With Related Parties**

The Board of Directors of your company has formulated a policy on related party transactions, which is displayed on the website of the company at <http://belstar.in/governance.php>. This policy deals with review of the related party transactions and regulates all transactions between the company and its Related Parties.

All related party transactions are placed before the Audit Committee for review and approval.

All transactions entered into with related parties as defined in the Companies Act 2013, during the year under review were in the ordinary course of business /at arm's length pricing basis or with approval of Audit Committee.



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

## **CODE OF CONDUCT**

RBI has been issuing revised Fair Practices Code guidelines from time to time and your company has adhered to all of them without any compromise. The Fair Practices Code, Code of Conduct, and Grievance Redressal Mechanism have been displayed prominently in company's website and at all the branches of the company.

## **RISK MANAGEMENT POLICY**

Your company has a Board approved Integrated Risk Management Policy which has laid down a framework for identifying, assessing, measuring various elements of risk involved in the business and formulation of procedures and systems for mitigating such risks. During the Financial Year, your Directors have approved the updated Risk Management Framework of the company which has incorporated various new practices and risk control measures.

## **THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, IN THE MANNER AS PRESCRIBED IN RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014**

### **1. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

#### **A. Details of Conservation of Energy: Not applicable**

- (i) Steps taken or impact on conservation of energy
- (ii) Steps taken by the company for utilizing alternate sources of energy
- (iii) Capital investment on energy conservation equipment

#### **B. Technology Absorption: Nil**

- (i) Efforts made towards technology absorption
- (ii) Benefits derived as a result of the above efforts
- (iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year)
  - (a) Details of technology imported
  - (b) Year of import
  - (c) Whether the technology been fully absorbed
  - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof

### **2. THE FOREIGN EXCHANGE EARNINGS AND OUTGO**

- A. Expenditure in Foreign currency  
Your Company did not incur any foreign travel expenditure during the year under review.  
(PY- Rs. 2,77,563/-)
- B. The company does not have any foreign currency earnings during the year under review.

### Particulars Of Monies Accepted From Director Of The Company During The Fy 2017-18

During the year under review, the company has not borrowed from Directors of the Company.

### 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 is following an effective internal control system commensurate with its size and operations. In addition to this the work process is designed in such a way that process of internal check is ensured at all levels. It also ensures the adoption of all policies & procedures for orderly and efficient conduct of its business, including adherence to the company's Policy, the safeguarding of its assets, prevention and detection of fraud & error, the accuracy & completeness of the accounting records and the timely preparation of reliable financial information.

### Particulars Of Loans, Guarantees Or Investments

The company has duly complied with the provisions of Section 186 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, 2018.

### Maintenance Of Books Of Account And Other Relevant Books And Papers In Electronic Form

The company is maintaining books of accounts and other relevant books and papers in electronic form and the place of maintenance of computer servers (Storing Accounting Data) is located at Plot No 25,-P-13, Bidadi Industrial Area, Ramanagar Taluk, Bangalore - 562 109, Phone 080-30986000.

### Details regarding Service Provider

a.	The name of the service provider	NxtGen Data Center & Cloud Technologies Private Limited
b.	The internet protocol address of service provider	Confidential
c.	The location of the service provider (wherever applicable)	Bangalore
d.	Where the books of account and other books and papers are maintained on cloud, such address as provided by the service provider	Plot No 25, P-13, Bidadi Industrial Area, Ramanagar Taluak, Bangalore-562109

### **Corporate Social Responsibility Policy**

During the FY 2017-18, the company made a total deployment of Rs. 20,00,000/- into CSR activities. The CSR policy is displayed on the web site of the company <http://belstar.in/governance.php>  
The Annual Report on CSR activities as required under the Companies (CSR Policy) Rules 2014 is attached to this report as Annexure -3.

### **Managerial Remuneration**

Details of the remuneration as required to be provided pursuant to Section 197(12) of Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 is attached as “Annexure- 4”.

### **Corporate Governance**

Corporate Governance is the application of best management practices, compliance of laws, rules, regulations and adherence to standards to achieve the objects of the company, enhancing shareholder/investor value and discharging of social responsibility and it stems from the culture and mindset of a management. Measures of Corporate Governance emanate not only from Regulation, but also because managements now clearly understand that good and transparent governance is the cornerstone on which lasting values can be created. Your company strives for excellence with the objective of enhancing shareholders’ value and protecting the interest of stakeholders. At Belstar, we ensure the practice of the Principles of Good Corporate Governance on which management decisions are based on a set of principles influenced by the values. All functions of the company are discharged in a professionally sound, competent and transparent manner. A detailed report on the company’s commitment at adopting good Corporate Governance Practices is enclosed in “Annexure-5”.

### **Disclosure Under The Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013**

The Company has approved the revised Anti-Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 on 30th January 2018. 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 2017-18.

No.of Complaints received: 1

No.of Complaints resolved: 1

### **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/ Other Laws

There has been no instance of non-compliance by the company on any matters related to Labour Laws, RBI, ROC, Income Tax and Service Tax Act/ GST and other applicable Acts.

The Company is a Non-Deposit taking Systemically Important Non-Banking Financial Company - Micro Finance Institution (ND-SI-NBFC-MFI) and is registered with RBI under Section 45 IA of RBI Act, 1934 (Registration No B-07-00792). The company has complied with and continues to comply with all applicable Laws, Rules, Circulars, Regulations, etc. including Directions of RBI for a NBFCMFI and it doesn't carry on any activities other than those specifically permitted by RBI for NBFC-MFI.

### Listing

During the year, the company has issued Non-Convertible Debentures, and out of this part of the debentures were listed on Bombay Stock Exchange. The company has complied with the provisions of the Debt Listing Agreement entered by the Company with Bombay Stock Exchange Limited in respect of the of Secured / Unsecured Non-Convertible Debentures issued and listed by the Company.

The Company has paid all the listing fees to BSE on due date.

### 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 Clients, Bankers, Financial institutions, NBFCs, Rating Agencies, Debenture Trustees, Vendors and also thank all the employees of the company for their valuable contribution in the growth of the company.

For and on behalf of the Board of Directors

sd/-

Dr. (Mrs.) Kalpanaa Sankar  
Managing Director

sd/-

Dr. N. Jeyaseelan  
Director

Date: July 31, 2018

Place: Chennai

# ANNEXURE TO DIRECTOR'S REPORT

## ANNEXURE 1

### Form No. MR-3

#### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Belstar Investment and Finance Private Limited  
CIN: U06599TN1988PTC081652  
New No. 33, Old No. 14, 48th Street,  
9th Avenue, Ashok Nagar, Chennai,  
Tamil Nadu - 600083

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Belstar Finance and Investment Private Limited (CIN: U06599TN1988PTC081652) (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Belstar Finance and Investment Private Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Belstar Finance and Investment Private Limited (the Company) for the financial year ended on 31st March, 2018 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011<sup>1</sup>;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015<sup>2</sup>;

<sup>1</sup>Not applicable to the Company, as the equity shares of the company are not listed on any stock exchange.

<sup>2</sup>Not applicable to the Company, as the equity shares of the company are not listed on any stock exchange.

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999<sup>3</sup>;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009<sup>4</sup>; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998<sup>5</sup>;

(vi) Following other laws applicable specifically to the company:

- a) The Reserve Bank of India (RBI) Act, 1934;  
The Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions,
- b) 2011 and other applicable Directions and rules issued by RBI from time to time.

**We have also examined compliance with the applicable clauses of the following:**

- i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- ii) The Uniform Listing Agreements entered into by the Company with Bombay Stock Exchange pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following:

a. *In view of the Company being a subsidiary of a public company, the Board composition was not in accordance with Section 149 the Companies Act, 2013 to the extent that Independent Directors on the Board of the Company were appointed only in the Board Meeting held on 22.06.2017. As a result, the composition of the Audit Committee and the Nomination and Remuneration Committees were not in accordance with the provisions of Sections 177 and 178 of the Companies Act, 2013 until 22.06.2017 on which date the Committees were reconstituted. The Company having become a listed public company on 12th May 2017, composition of the Board is not in accordance with Section 149(4) as there are only 2 (two) Independent Directors on the Board of the Company.*

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors for the year under review except as mentioned above. The changes in the composition of the Board of Directors that took place during the period under

<sup>3</sup>Not applicable to the Company, as the Company does not have any Employee Stock Option Scheme

<sup>4</sup>Not applicable to the Company, as there was no delisting done during the year.

<sup>5</sup>Not applicable to the Company, as there was no buy-back by the Company during the year.

review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent, at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, wherever there is any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period there were no events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except the following:

1. The company became a listed public company with effect from 12th May 2017 by listing its debentures issued on private placement basis.
2. Issued Secured/Unsecured, Rated, Listed/unlisted, Redeemable Non-Convertible Debentures on a Private Placement basis during the period under review.
3. Increase in Authorised Capital of the company and Alteration of Memorandum of Association.
4. Issued Unsecured, unlisted, Redeemable Non-Convertible Preference shares on a Private Placement basis during the period under review.
5. Issued equity shares to the shareholders of the company on rights basis.

This Report is to be read along with Annexure A of even date which forms integral part of this Report.

For KSM Associates, Company Secretaries

Date : May 11, 2018

Place : Chennai

sd/-  
Krishna Sharan Mishra  
Partner  
FCS 6447; CP 7039

## ANNEXURE – A

To,  
The Members,  
Belstar Investment and Finance Private Limited  
CIN: U06599TN1988PTC081652  
New No. 33, Old No. 14, 48th Street,  
9th Avenue, Ashok Nagar, Chennai,  
Tamil Nadu - 600083

Our secretarial audit report of even date is to be read along with this letter.

- a. Maintenance of secretarial and other records is the responsibility of the management of the company. Our responsibility is to express an opinion on the relevant records based on our audit.
- b. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the relevant records and compliances. The verification was done on test basis to verify that correct facts are reflected in secretarial and other relevant records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- c. We have not verified the correctness and appropriateness of financial, tax records and books of accounts of the company.
- d. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
- e. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of the procedures on test/sample basis.
- f. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For KSM Associates, Company Secretaries**

Date : May 11, 2018  
Place : Chennai

**Krishna Sharan Mishra**  
Partner  
FCS 6447; CP 7039



## ANNEXURE -2

### FORM NO. AOC.2

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

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.

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

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

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

S.No	Related Party	Relationship	Nature of transaction	Salient terms of the contracts	Amount (Rs)	Duration of Contracts	Advance
1	Hand in Hand Consulting Services Private Limited	Common Director	Consultancy Service	Consultancy Fees Paid	14,70,000	Dec 2017 To Mar 2018	Nil

For and on behalf of the Board of Directors

sd/-  
Dr. (Mrs.) Kalpanaa Sankar  
Managing Director

sd/-  
Dr. N. Jeyaseelan  
Director

Date: July 31, 2018

Place: Chennai

## ANNEXURE – 3

### ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to clause (o) of Sub-section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

A brief outline of the Company's CSR policy, including overview of projects or programs undertaken and a reference to the web-link to the CSR policy and projects or programs:

1. The company in compliance with Section 135 of the Companies Act, 2013, is incorporating in its structure Corporate Social Responsibility projects through this Corporate Social Responsibility (CSR) Policy. This Policy covers all the internal dimensions of the CSR structure and further captures and sets out the process of implementation of the CSR related activities. The Company presently focused on employment enhancement and vocational skill training program in the state of Tamilnadu and is in process of expanding its CSR activities at Pan India Level.  
The Company has undertaken CSR activities through M/s Hand in Hand India, a Charitable Trust. The details of CSR activities undertaken during the Financial year are as below:

S.NO	PARTICULARS
1	Animator & Representative Training Programme to SHG Members

The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. The details of CSR policy of the Company are available on Company's website [www.belstar.in/policy.php](http://www.belstar.in/policy.php) for downloading .

2. The CSR Committee comprises of Dr. N. Jeyaseelan(Chairman), Mr. A. Subramanian, and Mr.KR Bijimon.
3. Average Net Profit of the company for the last three financial years for the purpose of computation of CSR:

Particulars	Amount (₹)
Net profit as per Section 198 (as per calculation below)	
For financial year 2016-17	15,96,85,825
For financial year 2015-16	9,17,83,346
For financial year 2014-15	4,53,04,179
Average profit of 3 preceding financial years	9,89,24,450

4. Prescribed CSR Expenditure:  
2% of the Avg. Net Profits of three preceding financial years is ₹19,78,489
5. Details of CSR spent during the financial year:
- (a) Total amount spent for the financial year: ₹ 20,00,000
- (b) Amount unspent, if any: Nil
- (c) Manner in which the amount spent during the financial year is detailed below.

S. No	CSR project or activity identified	Sector in which the project is covered	Projects or Programs		Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Direct expenditure on projects or program Overheads	Amount spent: Direct or through implementing agency*
			Local area or Other	Specify the State and district where projects or programs were undertaken			
1	Employment enhancing vocational skills (Animator & Representative Training given to 4175 Members & SHG Training - 7683 Batches Comprising of 76830 members	Animator & Representative Training Programme	Local Area	In the operational areas of the Company in the State of Tamilnadu	₹ 20,00,000	Direct Expenditure ₹ 20,00,000	Amount Spent: Though Hand in Hand India Implementing Agency for CSR
	Total				₹ 20,00,000		

6. Reasons for not been able to spend the entire two per cent of the average net profit of the last three financial years: NA
7. CSR Committee of Board affirms that CSR activities are implemented in accordance with CSR objectives of the Companies Act, 2013 and CSR Policy of your company.

For and on behalf of the Board of Directors

sd/-  
Dr. N. Jeyaseelan  
Chairman - CSR Committee

sd/-  
Dr. (Mrs.) Kalpanaa Sankar  
Managing Director

Date: July 31, 2018  
Place: Chennai

## ANNEXURE-4

### Details of Managerial Remuneration as per Companies Act, 2013

1. Information in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

PARTICULARS	DISCLOSURES
The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Managing Director : 45 : 1
The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Increase in Remuneration: Managing Director : 25 % Chief Financial Officer : 13 % Company Secretary : 38 %
The percentage increase in the median remuneration of employees in the financial year;	8.51 %
The number of permanent employees on the rolls of company as on March 2018;	1783
Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average increase in the salaries of employees was 16.66% and the average increase in the managerial remuneration was 22.39%
Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

2. Information in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: NIL

3. Information in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: NIL

## ANNEXURE 5

### CORPORATE GOVERNANCE REPORT

#### Company's Philosophy on Code of Governance

Corporate Governance is a code that sets the principles, systems, and practices through which the Board of Directors of the company ensures transparency, fairness and accountability in the company's relationship with all its stakeholders, viz. regulators, shareholders, creditors, government agencies, employees, among others. Corporate governance is based on principles such as conducting the business with all integrity and fairness, being transparent on all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment for conducting business in an ethical manner.

Belstar Investment and Finance Private Limited (BIFPL) is committed to maintaining a high standard of corporate governance in complying with Master Direction on Non-Banking Financial Companies – Corporate Governance (Reserve Bank), DNBR. PD. 008/03.10.119/2016-17, September 01, 2016 updated time to time.

Your company, practices trustworthy, transparent, moral and ethical conduct, both internally and externally, and is committed towards maintaining the highest standards of Corporate Governance practices in the best interest of all its stakeholders. A detailed report on the company's commitment at adopting good Corporate Governance Practices is given below:

#### I. Board Of Directors

The current composition of the Board is detailed below:

##### Representing Promoters

1. Dr. (Mrs) Kalpanaa Sankar, Managing Director
2. Dr. (Mr) N. Jeyaseelan

##### Representing Investors

1. Mr K.R. Bijimon
2. Mr. George M Alexander
3. Mr. George M Jacob

##### Independent Directors:

1. Mr. Ananthanarayanan Subramanian
2. Mr. Srinivasan Aravamuthan Iyengar

Board of Directors play a pivotal role in ensuring that good corporate governance practices are followed within the company. The Board of Directors oversee the functioning of the company and that of its management, and ensures that every decision taken is in the best interest of the stakeholders of the company.

The Board monitors and approves the annual business plans & strategies and various policies of the company. It also reviews the operational and financial performance of the company. The Board ensures the integrity of financial reporting system, financial & internal control, risk management and compliance with the applicable laws. It also oversees the process of disclosure & communications made by the company and ensures that a transparent nomination process to the Board of the Company is duly followed.

The day to day management of the affairs is managed by Senior Management of your company which include Managing Director and functional heads, who function under overall supervision and guidance of Board of Directors. Board of Directors of your company plays the primary role as the trustees to safeguard and enhance stakeholders' value through its effective decisions and supervision.

Mr. Srinivasan Aravamuthan Iyengar was appointed in the capacity of Independent Director Category and his appointment was approved by the Shareholders in the 29th Annual General Meeting.

The Independent Directors of the company have given their declaration that they meet the criteria of Independence as prescribed under Section 149(6) and the rules made thereunder and Schedule IV of the Companies Act, 2013.

As per Master Direction DNBR. PD. 008/03.10.119/2016-17 dated Sept 01,2016 and updated thereof from time to time, all the Fit and Proper criteria in the appointment of Directors are duly followed by the Board of Directors.

None of the Directors hold directorship in more than Ten Public Limited Companies or act as an Independent Director in more than Seven Listed Companies, or act as a member of more than Ten Committees or Chairman of more than Five Committees as on March 31, 2018 across all Public Limited Companies in which they are Directors.

None of the Non-Executive Directors held any equity shares or convertible instruments of the company during the financial year ended 31st March 2018.

## **II. Board Meetings & Attendance**

The company holds a minimum of four pre-scheduled Board meetings annually, one in each quarter. It is ensured that the maximum time gap between two Board meetings is not more than one hundred and twenty days. Additional Board Meetings are held by the company to address specific needs, as and when required. In case of any urgency or business exigencies, matters are also approved by way of resolution by circulation as per the provisions of Companies Act,2013, and subsequently noted at the next Board meeting.

The company through its Managing Director/the functional/business heads makes presentations regularly to the Board in respect of operational performance, business strategies, quarterly and annual results, review of Internal Audit Report and statutory compliances, risk management and discuss upon the areas of improvement and prospective opportunities. This enables the Directors to get a regular and deeper insight into the operations of the company.

As a practice, the Company Secretary communicates all important decisions taken by the Board Members/ Committee Members to the functional heads of the concerned department. An Action Taken Report (ATR) on the decisions taken and matters discussed in the previous meeting is outlined and placed

in the succeeding meeting of the Board/ Board Committee for their consideration/information and noting. The Board has met 7 times during the year: May 13,2017, June 22, 2017, July 31, 2017, October 31, 2017, November 29, 2017, January 30, 2018 & March 17, 2018. Your Board has met at least once in a calendar quarter and the maximum gap between these Board Meetings did not exceed one hundred and twenty days. The requisite quorum was present for all the meetings.

Attendance of each Director at Board Meetings and at the 29th General Meeting (AGM) are as below:

Name of Director	DIN	Eligible meetings	Meetings Attended	Attendance at the ANNUAL GENERAL MEETING
Mr. A. Subramanian	01777552	7	7	Attended
Dr. (Mrs) Kalpanaa Sankar	01926545	7	6	Attended
Dr. (Mr) N Jeyaseelan	02281278	7	6	Attended
Mr. KR Bijimon	00023071	7	7	Attended
Mr. George M Alexander	00018384	7	7	Attended
Mr. George M Jacob	00018955	7	6	Attended
Mr. A. Srinivasan	07846141	5	5	Attended

Presently, the Board has 8 (Eight) Committees viz., Audit Committee, Nomination and Remuneration Committee, Securities Allotment and Transfer Committee, Risk Management Committee, Asset Liability Management Committee, Corporate Social Responsibility Committee, Finance Committee and Information Technology Strategy Committee.

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

### iii. Committee Of Board

#### Audit Committee

The powers, role and terms of reference of the Audit Committee are in line with the provisions of Section 177 of the Companies Act, 2013, Reserve Bank of India Regulations and SEBI Listing Obligations and Disclosure Requirements Regulations, 2015. Majority of the members of the Committee are Independent Directors.

Terms of reference of the Audit Committee include:

- Review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the Company.
- Reviewing with the management, the annual financial statements and Auditors' Report thereon before submission to the Board for approval.
- The Audit Committee reviews the compliance with legal and statutory requirements, the quarterly

and annual financial statements and related party transactions and reports its findings to the Board.

- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees or any payment to statutory auditors for any other services
- Reviewing, with the the management, of statutory and internal auditors, evaluation of the internal control systems including internal financial controls and Risk Management
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- The audit committee takes note of any default in the payments to creditors and shareholders.
- The committee also looks into those matters specifically referred to it by the Board.

The Audit Committee was last re-constituted by the Board of Directors on 22nd June 2017 to change the composition of its members on admission of Mr. A. Srinivasan as a member.

The Audit Committee comprises of the following members as at 31st March 2018:

1. Mr. A. Subramanian (Chairman of the Committee)
2. Mr. A. Srinivasan
3. Mr. KR Bijimon

The Audit Committee met 4 times during the year: May 13, 2017, July 31, 2017, October 31, 2017 and January 30, 2018.

Attendance of each Director at Audit Committee Meetings:

NAME OF DIRECTOR	Eligible Meetings	NO. OF AUDIT COMMITTEE MEETINGS ATTENDED
Mr. A. Subramanian	4	4
Mr. A. Srinivasan	3	3
Mr. KR Bijimon	4	4
* Dr. (Mr)N Jeyaseelan	1	1

\* Dr. (Mr) N Jeyaseelan stepped down from the Audit Committee with effect from 22nd June 2017.

The Board of Directors have accepted all the recommendations provided by the Committee.

### Nomination And Remuneration Committee (NRC)

The Nomination and Remuneration Committee of the Board of Directors was constituted as per requirement of Section 178 of the Companies Act, 2013, Reserve Bank of India Regulations and SEBI Listing Obligations and Disclosure Requirements Regulations, 2015. Majority of the members are Independent Directors. The detailed Policy is available in Company website [www.belstar.in](http://www.belstar.in)



Terms of reference of the Nomination and Remuneration Committee include:

- The NRC is responsible for ensuring that the Directors appointed would have appropriate skills to support the functioning of the company.
- The NRC would review the candidature of the Directors and ensure they are fit and proper as per the guidelines of RBI and Companies Act. The NRC would also take declarations from each Director appointed that no prosecution is pending against the said Director, a declaration that he is not disqualified to be appointed and a declaration on list of entities in which he is interested;
- Review and carry out every Director's performance, the structure, size and composition including skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- Fixation of the remuneration of the Directors and key managerial personnel.

The Nomination and Remuneration Committee was last re-constituted by the Board of Directors on 22nd June 2017, to change the composition of its members on admission of Mr. A. Srinivasan as a member.

The NRC comprises of the following members as at 31st March 2018:

1. Mr. A. Srinivasan (Chairman of the Committee)
2. Mr. A. Subramanian
3. Mr. George M Jacob

NRC met once during the year, on June 22, 2017.

Attendance of each Director at Nomination and Remuneration Committee meetings are as below:

NAME OF DIRECTOR	Eligible Meetings	NO. OF NOMINATION AND REMUNERATION COMMITTEES MEETING ATTENDED
Mr. A. Subramanian	1	1
*Dr. (Mr) N Jeyaseelan	1	1
*Mr. K R Bijimon	1	1
Mr. A. Srinivasan	-	-
Mr. George M Jacob	-	-

\*Dr. (Mr) N Jeyaseelan and Mr KR Bijimon stepped down from the Nomination and Remuneration Committee with effect from 22nd June 2017.

### Performance Evaluation

The Nomination and Remuneration Committee of the Board has laid down the criteria for performance evaluation of Independent Directors. The performance evaluation was done by the entire Board of Directors and in the evaluation, the Directors who are subject to evaluation had not participated. The criteria for performance evaluation, in brief, are as follows:

- Devoting sufficient time and attention to his professional obligations for informed and balanced decision making.
- Helping in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

- Bringing an objective view in the evaluation of the performance of the Board and Management.
- Updating and refreshing the skills, knowledge and familiarity with the Company.
- Striving to attend every meeting of the Board and of the Board Committees.
- Paying sufficient attention and ensuring that adequate deliberations are held before approving the related party transactions and assuring that the same are in the interest of the Company.

### Risk Management Committee (RMC)

The Risk Management Committee (RMC) was constituted in accordance with Reserve Bank India regulations.

The Terms of reference of the RMC include:

- To monitor and review the risk management plan
- To review the Risk Management policies and processes such as identification, evaluation and mitigation of operational, strategic, environmental risks and information technology risk and integrity risk, and ensure that proper risk assessment and risk mitigation plans are in place.
- To take strategic actions to mitigate the risks associated with the nature of business.
- To appraise the Board on the Company's overall risk appetite, tolerance and strategy, taking account of the current and prospective sector, macroeconomic and financial environment and drawing on financial stability assessments such as those published by the Reserve Bank of India and the Self-Regulatory Organization (SRO) and lay down procedures to inform Board members about the risk assessment and mitigation procedures.
- To review reports on any material breaches of risk limits and the adequacy of proposed actions.
- To review the company's capability to identify and manage new types of risk.
- To address concerns regarding Asset Liability mismatches and interest rate exposures.
- To achieve optimal return on capital employed while maintaining acceptable levels of risk relating to liquidity.
- To address concerns regarding interest rate risk exposure.

The RMC was last re-constituted by the Board of Directors on 22nd June 2017, to change the composition of its members on admission of Mr. A. Srinivasan as a member.

The RMC comprises of the following members as at 31st March 2018:

1. Mr. A. Srinivasan (Chairperson of the Committee)
2. Dr. (Mrs.) Kalpanaa Sankar
3. Dr. (Mr). N Jeyaseelan

The RMC met once during the year on June 15, 2017.

Attendance of each Director at RMC meetings are as below:

Name of Director	Eligible Meetings	No. of Risk Management Committee Meeting Attended
Dr.(Mrs.) Kalpanaa Sankar	1	1
Dr.(Mr). N. Jeyaseelan	1	1
Mr. A. Srinivasan	-	-

## Corporate Social Responsibility (CSR) Committee

Corporate Social Responsibility Committee is constituted as per Section 135 of the Companies Act 2013. The CSR Committee monitors the overall CSR Activities of the Company. It provides guidance on various areas where CSR activities can be carried out.

The CSR Committee comprises of the following members as at 31st March 2018:

1. Dr (Mr). N Jeyaseelan (Chairman of the Committee)
2. Mr. A. Subramanian
3. Mr. KR Bijimon

The CSR Committee met once during the year on October 31, 2017.

Attendance of each member at CSR Committee meeting are as below:

Name of Director	No. of CSR Committee Meetings Attended
Dr.(Mr). N. Jeyaseelan	1
Mr. A. Subramanian	1
Mr. KR Bijimon	1

## Finance Committee

The main terms of reference of the Finance Committee are as below:

- To review and approve the loan facilities (on-balance sheet and off-balance sheet) and borrowings from various Banks and Financial Institutions including NBFC's within the overall limit fixed by the shareholders from time to time.
- To Avail Financial Assistance by way of assignment / securitization of receivables from Banks and Financial Institutions including NBFC's.

The Finance Committee comprises of the following members as at 31st March 2018:

1. Dr.(Mrs.) Kalpanaa Sankar
2. Dr. (Mr) N. Jeyaseelan

The Finance Committee met 13 times during the year: June 06, 2017, June 22,2017, August 16, 2017, September 06, 2017, September 26, 2017, October 13, 2017, November 17, 2017, November 27,2017, December 18, 2017, December 26, 2017, December 29, 2017, February 01, 2018 and March 08, 2018. Both the members attended all the meetings.

## Asset Liability Management Committee (ALMC)

The Asset Liability Management Committee (ALMC) of the Board of Directors was constituted by the Board of Directors on June 22, 2017.

## Terms of Reference

The terms of reference of the Asset Liability Committee include the following:

- Addressing concerns regarding asset liability mismatches
- Addressing concerns regarding interest rate exposures
- Review of cash flows in comparison to the Liquidity metrics

- Achieving optimal return on capital employed while maintaining acceptable levels of risk relating to liquidity
- Present statement of short term dynamic liquidity, structural liquidity and interest rate sensitivity

The Committee reviews the Asset Liability Management reports being submitted periodically to RBI.

The ALMC comprises of the following members as at 31st March 2018:

1. Dr.(Mrs.) Kalpanaa Sankar (Chairperson of the Committee)
2. Dr. (Mr) N. Jeyaseelan

The Committee met 4 times during the year: July 13, 2017, October 13,2017, January 11,2018 and March 31, 2018. Both the members attended all the meetings.

### **Information Technology Strategy Committee**

The Information Technology Strategy Committee was constituted on June 22, 2017 as per Master Direction DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017.

The terms of reference of the Information Technology Strategy Committee include the following:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that the management has implemented processes and practices which ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining the company's growth and becoming aware about exposure towards IT risks and controls.

The Information Technology Strategy Committee comprises of the following members as at 31st March 2018:

1. Mr. A. Srinivasan (Chairman of the Committee)
2. Mr. A. Subramanian
3. Dr.(Mrs.) Kalpanaa Sankar
4. Mr. George M Alexander

The Committee met once during the year on July 31,2017. All the members attended this meeting.

### **Securities Allotment And Transfer Committee (SATC)**

The main terms of reference of Securities Allotment and Transfer Committee (SATC) is as below:

- Issue and Allotment of Equity and/or Preference Shares/ Debentures/ Bonds or any Debt instruments
- Issue of new Certificate on Allotment of Equity and/or Preference Shares/ Debentures/ Bonds or any Debt instrument
- Issue of duplicate/split/consolidated certificates.
- To settle any question, difficulty or doubts of the Securities holder that may arise in regard to the issue and allotment of various Securities

- Redressal of complaints like non receipt of Securities certificates, loss of certificates, transfer of Securities, non-receipt of balance sheet, non-receipt of declared dividends, non-payment of interest on debenture / Bond etc.,
- Reference to Board of Directors in case of any question, doubts or difficulty in respect of issue, allotment, transfer of any type of Securities and any Securities holder's grievances, if necessary. The SATC was last re-constituted by the Board of Directors on 22nd June 2017 to change the composition of its members on admission of Mr. George M Alexander as a member.

The SATC comprises of the following as at 31st March 2018:

1. Dr.(Mrs.) Kalpanaa Sankar (Chairperson)
2. Mr. A. Subramanian
3. Dr.(Mr) N. Jeyaseelan
4. Mr. George M Alexander

All the resolutions in SATC are approved via circular resolution.

### Remuneration Of Directors

Managing Director of the Company gets salary including perquisites. Remuneration paid for the year ended 31st March 2018 was as under:

Name of Director	Designation Managing Director	Managerial Remuneration (Rs)
Dr.(Mrs.) Kalpanaa Sankar	Managing Director	72,91,600

The criteria for making payments to the Managing Director were:

- Salary and Incentive as recommended by the Nomination and Remuneration Committee and approved by the Board.
- Perquisites and performance pay are also paid/ provided in accordance with the company's compensation policies, as applicable to all employees and the relevant legal provisions.
- Remuneration is determined keeping in view the industry benchmarks.

The Non-Executive Directors were paid sitting fees for attending the meetings of the Board and Committees. The sitting fees paid to the Directors is given below:

Name of the Director	Sitting Fees Paid (Rs)
Mr. Ananthanarayanan Subramanian	8,40,000
Mr. Srinivasan Aravamuthan Iyengar	5,40,000
Mr. KR Bijimon	3,60,000
Mr. George M Alexander	2,40,000
Mr. George M Jacob	1,80,000
Dr.(Mr) Natarajan Jeyaseelan	45,000

## General Meetings

The details of the Annual General Meetings (AGM)/ Extra Ordinary General Meetings (EGM) of the company held in the last three years are as follows:

Financial Year	AGM/EGM	Venue	Date & Time	No. of Special Resolutions Passed
2017-18	29th AGM	Registered Office of the Company	31st July 2017 at 11.30 A.M	–
	1st EGM for the FY 2017-18		29th November 2017 at 11.30 A.M	2
2016-17	28th AGM	Registered Office of the Company	27th September 2016 at 12.30 P.M	2
	1st EGM for the FY 2016-17		22nd July 2016 at 2.00 P.M	1
	2nd EGM for the FY 2016-17		29th March 2017 at 2.00 P.M	5
2015-16	27th AGM	Registered Office of the Company	12th August 2015 at 11.00 A.M	1
	1st EGM for the FY 2015-16	No.11 C, Rathinammal Street, Rangarajapuram, Kodambakkam, Chennai-600024	29th April 2015 at 11.00 A.M	3
	2nd EGM for the FY 2015-16	Registered Office of the Company	19th March 2016 at 02.30 P.M	1

## Postal Ballot

No Postal Ballot was conducted during the year 2017-18.

There is no immediate proposal for passing any resolution through Postal Ballot. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing of resolution through Postal Ballot.

## Disclosures

### A. Related Party Transactions

During the year under review, the Company has not entered into any transactions with related parties which are in conflict with the interest of the Company. Transactions with the related parties are disclosed under the head “Related Party Transactions” of the financial statements, forming part of this Annual Report.

The Policy on Related Party Transactions can be viewed on the Company’s website at [www.belstar.in](http://www.belstar.in).

### B. Statutory Compliance, Penalties, Strictures

During the year part of Non-Convertible Debentures (NCD’s) were listed in the Wholesale Debt Market Segment (WDM) of Bombay Stock Exchange. The company has complied with requirements of the Bombay Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the year. There have been no instances of non-compliance by the Company and no penalties and/or strictures have been imposed on it by Stock Exchange or SEBI or any Statutory Authority on any matter related to the capital markets since listing.

### C. Vigil Mechanism And Whistle Blower Policy

Your company has a Whistle Blower policy duly approved by the Board . The policy provides a whistle blowing route to employees, including part-time, temporary and contract employees and Directors of the organisation. This mechanism protects the employees from raising concerns about serious irregularities, unethical behaviour, actual or suspected fraud within the company. The details of the policy are available on the company’s website [www.belstar.in](http://www.belstar.in). Your company affirms that no employee has been denied access to the Audit Committee and the top Management of the company and that no complaints were received during the year.

### D. Compliance with Mandatory & Non-Mandatory Requirements

The Company has complied with all the mandatory and major non-mandatory requirements of the SEBI Listing Regulations relating to Corporate Governance, to the extent applicable to the Company

## Disclosure And Transparency

At regular intervals, Board of Directors of the Company discuss, review and decide upon matters related to policy formulations, appraisal of performances, overall supervision and control of your company, review of Compliance Reports pertaining to compliance of all laws prepared by management etc. Board of Directors of your company have also delegated various powers to Committees which monitors day to day activities of your company. Notice and Agenda setting out the business to be transacted are being sent to Directors in advance by complying to necessary regulations in this regard. The company is having suitable policies on Code of Conduct for Directors and Senior Management, Code of Conduct for Independent Directors and plans for succession of Board of Directors.

## Means Of Communication

- A. The half yearly results during the year were published in the National English Newspapers.
- B. During the Financial Year 2017-18, the company published its Financial Results in the following newspapers

Financial Results	News paper	Date of Publication
Audited Financial Results for the quarter/year ended March 31, 2017	Mint (English)	May 17, 2017
Unaudited Results for the Half Year ended on September 30,2017 with Limited Review Report	Mint (English)	November 02,2017

## General Shareholders Information

### A. Company Registration Details

The Company is a Systematically Important Non-Deposit taking NBFC MFI (NDSINBFC-MFI) registered with Reserve Bank of India. The company is registered in the State of Tamilnadu. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs is U06599TN1988PTC081652.

- B. Annual General Meeting:** Date: August 18<sup>th</sup> ,2018  
Time :02.00 P.M  
Venue: At the Registered office of the company
- C. Financial Year:** April 01, 2017 to March 31, 2018

- D. Stock exchange where the NCDs are listed :** Wholesale Debt Market Segment (WDM) of Bombay Stock Exchange Phiroze Jeejeeboy Towers, Dalal Street, Mumbai- 400001

- |                                 |                                 |
|---------------------------------|---------------------------------|
| <b>E. Stock Code:</b> 956254    | <b>Stock Code:</b> 957227       |
| <b>Security ID:</b> 115BIFPL23  | <b>Security ID:</b> 114BIFPL20  |
| <b>ISIN:</b> INE443L08032       | <b>ISIN:</b> INE443L07034       |
| <b>Stock Code:</b> 956255       | <b>Stock Code:</b> 957390       |
| <b>Security ID:</b> 115BIFPL23A | <b>Security ID:</b> 1140BIFPL20 |
| <b>ISIN:</b> INE443L08024       | <b>ISIN:</b> INE443L07042       |
| <b>Stock Code:</b> 957184       | <b>Stock Code:</b> 957847       |
| <b>Security ID:</b> 116BIFPL20  | <b>Security ID:</b> 1168BIFPL20 |
| <b>ISIN:</b> INE443L07026       | <b>ISIN:</b> INE443L08073       |



## F. Debenture Trustee Details

1. IDBI Trusteeship Services Limited  
Asian Building, Ground Floor, 17. R. Kamani Marg Ballard Estate Mumbai  
Maharashtra-400 001, Phone: +91 022 40807000  
Name of the Contact Person: Swapneil Tiwari(Manager legal & operation)
2. Vistra ITCL (India) Limited  
The IL&FS Financial Center, Plot No. C-22, G Block, 7th Floor, Bandra Kurla Complex,  
Bandra (East), Mumbai-400051, Tel: +91 022 26593662  
Name of the Contact Person: Prakash Barua (Assistant Manager)
3. Beacon Trusteeship Ltd  
4 C & D, Siddhivinayak Chambers, Gandhi Nagar, Bandra (E),  
Mumbai-400051, T +91 (0)22 2655 8759  
Name of the Contact Person: Mr. Nikhil Pradhan (Sr. Manager - Operations)

## G. Registrar and Share Transfer Agent Details

In pursuance of Regulation 7(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all activities in relation to electronic mode with respect to Non-convertible debentures (NCDs) facility are maintained by our Registrar & Transfer Agent (RTA) i.e.Integrated Registry Management Services Private Limited, having SEBI Registration No.INR000000544.

In case of NCDs held in electronic form, the transfers are processed by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through their respective Depository Participants. Details of RTA are as under:

Integrated Registry Management Services Private Limited  
CIN: U74900TN2015PTC101466  
2nd Floor, Kences Towers, No.1, Ramakrishna Street,  
Off: North Usman Road, T.Nagar, Chennai- 600 017  
Name of Contact Person: Mr Suresh Babu K, Director  
Email id: corpserv@integratedindia.in, Phone: 044-28140801

## H. Listing Fees and Depository Fees:

Annual Listing Fees and Annual Custody/Issuer Fee for the financial year have been paid to Stock Exchanges and Depositories respectively.

For and on behalf of the Board of Directors

sd/-  
Dr. (Mrs.) Kalpanaa Sankar  
Managing Director

sd/-  
Dr. N. Jeyaseelan  
Director

Date: July 31, 2018  
Place: Chennai

## MD/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, 2018 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 and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting.
4. We have indicated to the Auditors and the Audit Committee:
  - a) Significant changes in internal control over financial reporting during the year;
  - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Chennai  
Date: July 31, 2018

sd/-  
Dr. Kalpanaa Sankar  
Managing Director

sd/-  
Mr. L. Muralidharan  
Chief Financial Officer

### Declaration regarding compliance by Board Members and Senior Management personnel with the Company's Code of Conduct

This is to confirm that the company has adopted a Code of Conduct for the Members of its Board and its Senior Management Personnel. I confirm that the company has, in respect of the financial year ended 31st March 2018 received from the Members of the Board and Senior Management team of the company, a declaration on compliance with the Code of Conduct as applicable to them.

Place: Chennai  
Date: July 31, 2018

sd/-  
Dr. Kalpanaa Sankar  
Managing Director

# FINANCIAL STATEMENT

## INDEPENDENT AUDITOR'S 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, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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.

### **Auditor's 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 thereunder.

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 the 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. An audit also includes evaluating the appropriateness of the 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 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, of the state of affairs of the Company as at 31st March, 2018, and its profit and its 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A 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 purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements 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 the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. The requirement regarding transfer of amounts to Investor Education and Protection Fund is not applicable to the Company.

For N.SANKARAN & CO  
Chartered Accountants  
Firm Regn No 003590S  
sd/-

L.PATTABHIRAMAN, FCA  
Partner  
Membership No 022023

Place: Chennai  
Date: May 11, 2018

## **Annexure A 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 of 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.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the Registered Sale Deed provided to us, we report that the title deeds comprising of immovable properties of land which are freehold are held in the name of the company.
- II. The Company is a nonbanking 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 not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly clause 3(iii) of the order is not applicable to the Company for the current year.
- IV. The Clause regarding loans, investments and guarantees and security as per provisions of section 185 & 186 of Companies Act, 2013 is not applicable to the Company.
- 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, employees state insurance, income-tax, wealth tax, service tax, Goods and Services 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, Goods and Services Tax and cess.

- VIII. 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 loans or borrowing to any financial institution, bank or dues to debenture holders. The Company has not taken any loan or borrowing from government.
- IX. In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer. However, during the year, rights issue was offered to existing shareholders. Money raised by way of rights issue, debt instruments and the term loans have been applied by the Company during the year for the purposes for which they were raised.
- X. To the best of our knowledge and according to the information and explanations given to us, during the year, the company has noticed and reported fraud in the nature of cash defalcation by officers / employees amounting to Rs. 55,05,644/- for which necessary provision has also been made.
- XI. In our opinion and according to the information and explanations given to us, the company's status for the year is a Deemed public company, and accordingly has paid / provided managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- XII. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- XIII. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, wherever applicable and details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- XIV. According to the information and explanations given to us, the Company has made private placement of equity shares as rights issue, preference shares and Non-convertible debentures during the year under review, in compliance with the requirements of Section 42 of the Act. The amounts raised have been used for the purpose for which funds were raised, other than temporary deployment of the funds received during the year end.
- XV. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- XVI. The company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the same has been complied with.

Place: Chennai  
Date: May 11, 2018

For N.SANKARAN & CO  
Chartered Accountants  
Firm Regn No 003590S  
sd/-  
L.PATTABHIRAMAN, FCA  
Partner  
Membership No 022023

## **ANNEXURE B To The Independent Auditor's Report of Even Date on The Financial Statements of M/s Belstar Investment and Finance Private Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **M/s Belstar Investment and Finance Private Limited ("the Company")** as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for the Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Chennai  
Date: May 11, 2018

For N.SANKARAN & CO  
Chartered Accountants  
Firm Regn No 003590S  
sd/-  
L.PATTABHIRAMAN, FCA  
Partner  
Membership No 022023

## BALANCE SHEET AS AT MARCH 31, 2018

Amounts in ₹

	Note	As at March 31, 2018	As at March 31, 2017
<b>Equity And Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	55,64,65,680	23,24,65,680
Reserves and Surplus	2	1,03,83,07,531	67,09,85,131
		1,59,47,73,211	90,34,50,811
<b>Non-Current Liabilities</b>			
Long Term Borrowings	3	5,29,53,04,549	3,32,61,40,936
Long Term Provisions	4	9,81,74,424	6,60,67,054
		5,39,34,78,973	3,39,22,07,990
<b>Current Liabilities</b>			
Short Term Borrowings	5	6,90,91,759	6,66,03,786
Other Current Liabilities	6	6,06,99,64,664	3,17,47,18,826
Short Term Provisions	7	29,24,83,780	9,20,83,349
		6,43,15,40,203	3,33,34,05,961
<b>Total</b>		<b>13,41,97,92,387</b>	<b>7,62,90,64,762</b>
<b>Assets</b>			
<b>Non - Current Assets</b>			
Fixed Assets	8		
(i) Tangible Assets		3,26,17,868	2,01,08,506
(ii) Intangible Assets		2,57,50,684	2,65,49,917
(iii) Capital Work-in-Progress		-	-
		5,83,68,552	4,66,58,423
Deferred Tax Assets (Net)	9	6,32,38,317	2,80,38,952
Receivables under Financing Activity	10	3,63,50,15,482	1,40,30,10,579
Long-Term Loans and Advances	11	15,58,57,498	4,23,69,576
Other Non-Current Assets	12	22,98,75,000	33,95,00,000
		4,14,23,54,849	1,85,95,77,530
<b>Current Assets</b>			
Investments	13	-	60,01,64,109
Receivables under Financing Activity	14	7,12,66,09,486	4,26,47,50,194
Cash and Bank balances	15	1,83,58,61,043	78,22,08,937
Short - Term Loans and Advances	16	18,30,15,088	4,46,50,399
Other Current Assets	17	13,19,51,921	7,77,13,593
		9,27,74,37,538	5,76,94,87,232
<b>Total</b>		<b>13,41,97,92,387</b>	<b>7,62,90,64,762</b>

Significant Accounting Policies and Notes to the Accounts 1 to 25

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

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

Place: Chennai  
Date: May 11, 2018

sd/-  
L.Pattabhiraman, FCA  
Partner  
Membership No 022023

For and on behalf of the Board  
sd/-  
Dr.Kalpanaa Sankar  
Managing Director  
sd/-  
L Muralidharan  
Chief Financial Officer  
sd/-  
Dr. N. Jeyaseelan  
Director  
Sunil Kumar Sahu  
Company Secretary

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amounts in ₹

	Note	Year ended March 31, 2018	Year ended March 31, 2017
<b>Revenue from Operations:</b>			
Income from Operations	18	2,09,26,82,092	98,03,47,905
Other Income	19	9,63,15,603	5,34,87,957
<b>Total Revenue</b>		<b>2,18,89,97,695</b>	<b>1,03,38,35,862</b>
<b>Expenses:</b>			
Finance Cost	20	97,58,48,457	53,69,30,317
Employee Cost	21	35,44,86,504	19,26,95,768
Other Operating Expenses	22	19,77,54,401	8,79,25,570
Depreciation and Amortization Expenses	8	2,64,20,749	1,22,30,280
Provisions and Write-offs	23	13,89,29,845	4,43,68,102
<b>Total expenses</b>		<b>1,69,34,39,956</b>	<b>87,41,50,037</b>
Profit/(Loss) before Tax		49,55,57,739	15,96,85,825
<b>Tax Expenses</b>			
Current tax		19,41,20,371	7,22,09,476
Deferred tax	9	(3,51,99,366)	(1,69,45,406)
Short / (Excess) provision written off/(back)		-	-
<b>Profit (Loss) for the Year</b>		<b>33,66,36,734</b>	<b>10,44,21,755</b>
<b>Earnings per Equity Share of Rs.10/- each:</b>			
Basic	24	14.44	5.11
Diluted		14.44	5.11

Significant Accounting Policies and Notes to the Accounts 1 to 25

The accompanying notes are an integral part of the financial statements

As per our report of even date

For N.SANKARAN & CO

Chartered Accountants

Firm Regn No 003590S

sd/-

L.Pattabhiraman, FCA

Partner

Membership No 022023

For and on behalf of the Board

sd/-

Dr.Kalpanaa Sankar

Managing Director

sd/-

L Muralidharan

Chief Financial Officer

sd/-

Dr. N. Jeyaseelan

Director

sd/-

Sunil Kumar Sahu

Company Secretary

Place: Chennai

Date: May 11, 2018

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amounts in ₹

Particulars	FY 2017-18	FY 2016-17
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	49,55,57,739	15,96,85,825
Add: Depreciation	2,64,20,749	1,22,30,280
Add: Loss on sale	-	40,385
Add: Finance costs	97,58,48,457	47,29,49,968
Less: Interest income on deposits	(4,51,78,386)	(4,04,64,464)
Less: Profit on sale of Investment	(1,86,99,430)	(9,88,195)
Add: Provisions for Receivables	7,98,15,739	4,43,68,102
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1,51,37,64,868</b>	<b>64,78,21,901</b>
(Increase) / Decrease in Net Receivables		
Under Financing Activities	(5,09,38,64,195)	(3,02,47,89,675)
(Increase) / Decrease in Loans and Advances	(11,26,02,611)	2,04,05,039
(Increase) / Decrease in Other Current Assets	(3,75,01,825)	(1,89,41,380)
Increase / (Decrease) in Provisions Others	5,91,14,106	(4,90,95,865)
Increase / (Decrease) in Current Liabilities	26,51,61,652	3,34,77,341
Cash (Used in) / From Operations	(3,40,59,28,005)	(2,39,11,22,639)
Less: Interest Paid on Bank Borrowings	(99,57,79,653)	(47,07,13,366)
Less: Direct Taxes Paid for Current FY	(13,92,50,000)	(3,40,00,000)
Less: Direct Taxes Paid for Last FY	(6,46,38,901)	-
<b>NET CASH (USED IN) / FROM OPERATING ACTIVITIES</b>	<b>(A) (4,60,55,96,558)</b>	<b>(2,89,58,36,005)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Bank Deposits	(15,06,25,768)	(25,20,80,870)
Purchase of Fixed Assets	(3,81,30,879)	(3,67,20,389)
Sale of Fixed Assets	-	25,000
Investment in Mutual Funds	61,88,63,539	(59,91,75,914)
Interest on Deposits	2,84,41,883	1,92,55,983
<b>NET CASH (USED IN) / FROM INVESTING ACTIVITIES</b>	<b>(B) 45,85,48,776</b>	<b>(86,86,96,190)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend and Dividend Tax Paid	(1,25,90,560)	-
Proceeds from Issuance of Share Capital	32,40,00,000	39,99,99,960
Proceeds from Long Term Borrowings	4,63,15,27,654	3,74,32,28,139
Repayment of Short Term Borrowings	(24,87,973)	(20,56,047)
<b>NET CASH (USED IN) / FROM FINANCING ACTIVITIES</b>	<b>(C) 4,94,04,49,121</b>	<b>4,14,11,72,052</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(A)+(B)+(C) 79,34,01,338	37,66,39,857
Cash and Cash Equivalents at the beginning of the Year	53,31,23,937	15,64,84,080
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>1,32,65,25,275</b>	<b>53,31,23,937</b>

Significant Accounting Policies and Notes to the Accounts 1 to 25

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

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

sd/-  
L.Pattabhiraman, FCA  
Partner  
Membership No 022023

Place: Chennai  
Date: May 11, 2018

For and on behalf of the Board  
sd/-  
Dr.Kalpanaa Sankar  
Managing Director  
sd/-  
L Muralidharan  
Chief Financial Officer

sd/-  
Dr. N. Jeyaseelan  
Director  
sd/-  
Sunil Kumar Sahu  
Company Secretary

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Amounts in ₹

Particulars	As at	
	March 31, 2018	March 31, 2017
<b>1. SHARE CAPITAL</b>		
Authorised		
Equity Shares:	69,00,00,000	25,00,00,000
6,90,00,000 (PY 2,50,00,000) Equity Shares of Rs.10/- each		
Preference Shares:	31,00,00,000	-
3,10,00,000 (PY NIL) Preference Shares of Rs.10/- each		
	1,00,00,00,000	25,00,00,000
Issued, Subscribed & Fully paid up		
246,46,568 (PY 232,46,568) Equity Shares of Rs.10/- each	24,64,65,680	23,24,65,680
310,00,000 (PY NIL) Redeemable		
Preference Shares of Rs.10/- each	31,00,00,000	-
	55,64,65,680	23,24,65,680

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

Equity Shares	As at March 31, 2018		As at March 31, 2017	
	No	Amount	No	Amount
At the beginning of the year	2,32,46,568	23,24,65,680	1,43,57,680	14,35,76,800
Issued during the year	14,00,000	1,40,00,000	88,88,888	8,88,88,880
Outstanding at the end of the year	2,46,46,568	24,64,65,680	2,32,46,568	23,24,65,680

Redeemable Preference Shares	As at March 31, 2018		As at March 31, 2017	
	No	Amount	No	Amount
At the beginning of the year	-	-	-	-
Issued during the year	3,10,00,000	31,00,00,000	-	-
Outstanding at the end of the year	3,10,00,000	31,00,00,000	-	-

### b) Terms/ rights attached to Equity shares

The Company has increased the Authorised Capital during the year from Rs 25 Crores to Rs 100 Crores

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

The Company has issued 10.25% redeemable preference shares during the year having par value of Rs. 10 per share which carries no voting rights.

The Company has issued 14,00,000 nos equity shares of Rs 10 each at premium of Rs. 40 per share on 17th March,2018.

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

	As at March 31, 2018		As at March 31, 2017	
	No	% holding	No	% holding
(i) Sarvam Financial Inclusion				
Trust, Kancheepuram	73,25,654	29.72	73,25,654	31.51
(ii) Muthoot Finance Limited	1,64,17,459	66.61	1,50,17,459	64.60
Total	2,37,43,113	96.33	2,23,43,113	96.11

Particulars	As at March 31, 2018	As at March 31, 2017
<b>2. RESERVES &amp; SURPLUS</b>		
<b>(a) Securities Premium Reserve:</b>		
Balance at the beginning of the year	43,94,76,280	12,83,65,200
Add: Additions during the year	5,60,00,000	31,11,11,080
	49,54,76,280	43,94,76,280
Less: Deductions during the year	-	-
Balance at the end of the year	49,54,76,280	43,94,76,280
Note: Addition to Securities Premium Reserve represents premium at Rs 40 per share on allotment of 1,400,000 equity shares (Right Issue) to M/s Muthoot Finance Ltd.		
<b>(b) Other Reserves:</b>		
(i) General Reserves	10,000	10,000
(ii) Statutory Reserve		
Balance at the beginning of the year	5,15,50,757	3,06,66,406
Add: Amount transferred from surplus in Profit and Loss Statement	6,73,27,347	2,08,84,351
	11,88,78,104	5,15,50,757
Less: Deductions during the year	-	-
Balance at the end of the year	11,88,78,104	5,15,50,757
Note: Statutory Reserve represents the Reserve Fund created under Section 45 IC of the Reserve Bank of India Act, 1934.		
<b>(c) Surplus in Profit &amp; Loss Account</b>		
Balance at the beginning of the year	15,89,49,679	9,62,99,579
Less: Dividend relating to earlier years	1,04,60,956	-
Less: Corporate Dividend Tax	21,29,604	-
Add: Profit / (Loss) for the year	33,66,36,734	10,44,21,755
	48,29,95,854	20,07,21,334
Less: Transfer to Statutory Reserve	6,73,27,347	2,08,84,351
Less: Transfer to Debenture Redemption Reserve	6,73,14,649	2,08,87,303
Less: Provision for Preference Dividend & Tax	1,27,23,773	-
	33,56,30,084	15,89,49,679
<b>(d) Debenture Redemption reserve</b>		
Balance at the beginning of the year	2,09,98,414	1,11,111
Add: Amount transferred during the year	6,73,14,649	2,08,87,303
	8,83,13,063	2,09,98,414
Less: Deductions during the year	-	-
Balance at the end of the year	8,83,13,063	2,09,98,414
Total Reserves and Surplus (A)+(B)+(C)+(D)	1,03,83,07,531	67,09,85,130

On prudence basis, Debenture Redemption Reserve has been created proportionately in respect of:

- 15% Unsecured, Subordinated, redeemable, Non-Convertible Debentures,
- 11.5% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures
- 12% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures
- 11.68% Unsecured, Partly Paid, Rated, Listed, Senior, Redeemable, Taxable, Non-Convertible Debentures

Particulars	As at March 31, 2018	As at March 31, 2017
<b>3. LONG TERM BORROWINGS</b>		
<b>(i) Debentures-Unsecured</b>		
15% Unsecured, Subordinated, Redeemable, Non-Convertible Debentures	10,00,00,000	10,00,00,000
12% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	7,00,00,000	-
11.5% Unsecured, Redeemable, Rated, Listed, Subordinated, Taxable, Non-Convertible Debentures	25,00,00,000	10,00,00,000
11.68% Unsecured, Partly Paid, Rated, Listed, Senior, Redeemable, Taxable, Non-Convertible Debentures	50,00,00,000	-
<b>(ii) Debentures-Secured</b>		
12% Senior, Secured, Redeemable, Rated, Unlisted, Taxable, Non-Convertible Debentures	26,66,66,800	40,00,00,000
11.4% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	95,00,00,000	-
11.6% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	45,00,00,000	-
	<b>2,58,66,66,800</b>	<b>60,00,00,000</b>
Less: Current maturities of both Secured & Unsecured Debentures transferred to other Current Liabilities	98,33,33,200	13,33,33,200
<b>(A)</b>	<b>1,60,33,33,600</b>	<b>46,66,66,800</b>
<b>(iii) Term Loans</b>		
(i) From Banks - Secured	6,51,92,00,899	2,79,57,74,072
(ii) From Others - Secured	1,98,46,11,562	3,06,31,77,535
	8,50,38,12,461	5,85,89,51,607
Less: Current maturities of Long Term Loan from Bank and Others transferred to other Current Liabilities	4,81,18,41,512	2,99,94,77,471
<b>(B)</b>	<b>3,69,19,70,949</b>	<b>2,85,94,74,136</b>
<b>(A) + (B)</b>	<b>5,29,53,04,549</b>	<b>3,32,61,40,936</b>

## Notes:

- a) The Company has issued 400 Nos. of 12% Senior, Secured, Redeemable, Rated, Unlisted, Taxable, Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakh only) amounting to Rs. 40,00,00,000/- (Rupees Forty Crores only) during the Financial Year 2016-17.
- b) The Company has issued 1,00,000 Nos. of 11.5% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures of face value of Rs. 1,000/- (Rupees Thousand only) amounting to Rs. 10,00,00,000/- (Rupees Ten Crores only) during the Financial Year 2016-17.
- c) The Company has issued 1,50,000 Nos. of 11.5% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures of face value of Rs. 1,000/- (Rupees Thousand only) amounting to Rs. 15,00,00,000/- (Rupees Fifteen Crores only) during the Financial Year 2017-18.

- d) The Company has issued 70 Nos. of 12% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakh only) amounting to Rs. 7,00,00,000/- (Rupees Seven Crores only) during the Financial Year 2017-18.
- e) The Company has issued 100 Nos. of 15% Unsecured, Redeemable, Subordinated, Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakh only) amounting to Rs. 10,00,00,000/- (Rupees Ten Crores only) during the Financial Year 2015-16.
- f) The Company has issued 10000 Nos. of 11.4% Senior, Rated, Listed, Redeemable, Secured, Non-Convertible Debentures of face value of Rs. 1,00,000/- (Rupees One Lakh only) amounting to Rs. 100,00,00,000/- (Rupees One hundred Crores only) during the Financial Year 2017-18.
- g) The Company has issued 5000 Nos. of 11.6% Senior, Rated, Listed, Redeemable, Secured, Non-Convertible Debentures of face value of Rs. 1,00,000/- (Rupees One Lakh only) amounting to Rs. 50,00,00,000/- (Rupees Fifty Crores only) during the Financial Year 2017-18.
- h) The Company has issued 2500 Nos. of 11.68% Unsecured, Partly Paid, Rated, Listed, Senior, Redeemable, Taxable, Non-Convertible Debentures of face value of Rs.10,00,000/- each and partly paid to the extent of Rs. 2,00,000/- each aggregating to Rs. 50,00,00,000/- (Rupees Fifty Crores only) during the Financial Year 2017-18.

**Details of the Debentures are as under:**

Coupon Rate	Maturity Date	Debenture Details		As at 31 March		Options Available	Date of Redemption if option is exercised
		Nos	Face Value	Rs in Lakhs	Rs in Lakhs		
15.00%	March 29, 2021	100	10,00,000	1000	1000	NA	NA
12.00%	March 30, 2020	400	10,00,000	4000	4000	NA	NA
11.50%	May 31, 2023	250000	1,000	2500	1000	NA	NA
12.00%	July 31, 2023	70	10,00,000	700	0	NA	NA
11.40%	Jun/Jul, 2020	10000	1,00,000	10000	0	NA	NA
11.60%	May, 2020	5000	1,00,000	5000	0	NA	NA
11.68%	Mar, 2020	2500	2,00,000	5000	0	Applicable	Sep-18

\* NA - Not Applicable

i) Term loans are secured by way of specific charge on receivables created out of the proceeds of the loan.

j) Details of Borrowings:

Amounts in ₹

Maturity	Amount outstanding			
	Fixed Base Rate	Base Rate + Spread (2.5% to 6.00%)	MCLR + Spread (0.75% to 3.50%)	Market Borrowing
< 1 year	55,87,70,285	37,72,20,063	2,64,60,67,705	2,14,40,24,899
1 - 2 years	63,98,89,551	14,09,31,145	1,86,76,15,936	1,56,14,06,001
2 - 3 years	50,00,000	-	50,15,49,123	29,67,54,553
3 - 4 years	-	-	3,12,50,000	-
> 4 years	-	-	-	32,00,00,000



Particulars	As at March 31, 2018	As at March 31, 2017
<b>4. LONG TERM PROVISIONS</b>		
Provision for Standard Receivables under financing activity	5,51,27,924	5,18,97,652
Contingent Provisions against Standard Assets @ 0.40% (PY @ 0.25%)	4,30,46,500	1,41,69,402
	<b>9,81,74,424</b>	<b>6,60,67,054</b>

**5. SHORT TERM BORROWINGS****Loans repayable on demand From Banks - Cash Credit facility - Secured**

State Bank of India, Chennai (Secured by hypothecation of Receivables under Financing activity created out of the Cash Credit facility)	6,90,91,759	6,66,03,786
	<b>6,90,91,759</b>	<b>6,66,03,786</b>

**6. OTHER CURRENT LIABILITIES**

Current maturities of Term Loans from Banks & NBFC and Debentures	5,79,51,74,712	3,13,28,10,671
<b>Dues to:</b>		
Employees	73,03,019	22,00,669
Statutory Authorities	1,25,33,449	89,44,587
Others*	25,49,53,484	3,07,62,899
	<b>6,06,99,64,664</b>	<b>3,17,47,18,826</b>

\*Includes Rs 7,56,07,034 (PY Rs 1,60,47,422) on account of Securitisation.

**7. SHORT TERM PROVISIONS****(a) Provision for Employee benefits**

Provision for Gratuity	55,58,217	28,37,461
Provision for Bonus	1,91,54,232	95,26,330

**(b) Others**

Provision for Preference Dividend	1,27,23,773	-
Provision for Non Performing Receivables under Financing activity	5,24,88,325	47,79,956
Provision for Taxation	19,70,53,588	7,49,39,602
Provision for Other Losses	55,05,644	-
	<b>29,24,83,780</b>	<b>9,20,83,349</b>

Note:

7 (a) Provision for Bonus has been calculated as per the Payment of Bonus (Amendment) Bill 2015

7 (b) Refer Note2 No.24(B)(iv) under Notes to Accounts for details of Provision for other Losses

**Note: 8. FIXED ASSETS**

Amounts in ₹

Description	As at 01.04.2017	Gross Block		Depreciation		Net Carrying Value					
		Additions	Deletions	As at 31.03.2018	Upto 01.04.2017	For the Year ended 31.03.2018	Withdrawn	Upto 31.03.2018	As at 31.03.2018	As at 31.03.2017	
<b>Tangible Assets</b>											
Land		11,03,360		11,03,360		-			-	11,03,360	-
Furniture and Fixtures	54,99,443	31,65,477	-	86,64,920	27,20,940	21,67,659	-	48,88,599	37,76,319	27,78,503	
Vehicles	15,20,139	-	-	15,20,139	1,13,528	1,48,817	-	2,62,345	12,57,794	14,06,611	
Office Equipment	31,37,040	23,62,884	-	54,99,924	13,45,943	13,30,440	-	26,76,383	28,23,541	17,91,097	
Computers	2,32,11,868	1,83,91,065	-	4,16,02,933	90,79,573	88,66,507	-	1,79,46,079	2,36,56,854	1,41,32,295	
Sub Total	3,33,68,490	2,50,22,787	-	5,83,91,277	1,32,59,984	1,25,13,423	-	2,57,73,407	3,26,17,868	2,01,08,506	
Previous Year	1,47,41,025	1,87,41,701	1,14,236	3,33,68,490	74,44,047	58,64,788	48,851	1,32,59,984	2,01,08,506	72,96,978	
<b>Intangible Assets</b>											
Computer Software	4,30,52,383	1,31,08,092	-	5,61,60,475	1,65,02,466	1,39,07,326	-	3,04,09,791	2,57,50,684	2,65,49,917	
Sub Total	4,30,52,383	1,31,08,092	-	5,61,60,475	1,65,02,466	1,39,07,326	-	3,04,09,791	2,57,50,684	2,65,49,917	
Previous Year	1,39,70,165	2,90,82,218	-	4,30,52,383	1,01,36,974	63,65,492	-	1,65,02,466	2,65,49,917	38,33,191	
Grand Total	7,64,20,873	3,81,30,879	-	11,45,51,752	2,97,62,450	2,64,20,749	-	5,61,83,199	5,83,68,552	4,66,58,423	
Capital Work In Progress	-	-	-	-	-	-	-	-	-	-	
Previous Year	3,98,14,720	5,41,77,669	1,75,71,516	7,64,20,873	1,75,81,021	1,22,30,280	48,851	2,97,62,450	4,66,58,423	2,22,33,699	

Note:1.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.5 under note No.25 on depreciation).

Particulars	As at March 31, 2018	As at March 31, 2017
<b>9. DEFERRED TAX ASSETS (NET)</b>		
<b>Deferred Tax Asset</b>		
Provision for Receivables under Financing activity	5,37,08,866	2,41,09,515
Interest disallowable U/S 43B	88,82,170	37,70,257
On account of Fixed Assets	6,47,281	1,59,180
	<b>6,32,38,317</b>	<b>2,80,38,952</b>
<b>Deferred Tax Liability</b>		
	-	-
<b>Net Deferred Tax Asset</b>	<b>6,32,38,317</b>	<b>2,80,38,952</b>
Movement in Deferred Tax Asset	3,51,99,365	1,69,45,406
<b>10. RECEIVABLES UNDER FINANCING ACTIVITY</b>		
<b>Unsecured - Long term</b>		
Micro Finance Loans:		
Long term maturities of Receivables under Financing Activity transferred from Receivables under Financing Activity	3,63,50,15,482	1,40,30,10,579
	<b>3,63,50,15,482</b>	<b>1,40,30,10,579</b>
<b>11. LONG-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered good unless otherwise stated</b>		
Other Loans and Advances	1,02,40,880	30,71,400
TDS Receivable and Advance Tax	14,56,16,618	3,92,98,176
	<b>15,58,57,498</b>	<b>4,23,69,576</b>
<b>12. OTHER- NON CURRENT ASSETS</b>		
Ear-marked Bank Balances transferred from Current Assets	22,98,75,000	33,95,00,000
	<b>22,98,75,000</b>	<b>33,95,00,000</b>
<b>13. INVESTMENTS</b>		
<b>Current Investments (Non - Trade)</b>		
Units of Mutual Fund(Quoted)	-	60,01,64,109
(Valued as Cost or Fair Value whichever is lower)		
	-	<b>60,01,64,109</b>

Particulars	As at March 31, 2018	As at March 31, 2017
<b>14. RECEIVABLES UNDER FINANCING ACTIVITY</b>		
<b>Unsecured - Short term</b>		
Micro Finance Loans-Unsecured	10,76,16,24,968	5,66,77,60,773
Note:		
1. The above Micro Finance Loans have been granted under SHG/JLG Scheme to the women organised in SHG/JLG.		
2. Of the above:		
- Considered Good	10,67,53,12,724	5,66,21,44,426
- Non Performing Receivables under Financing activity as per Company's Provisioning Norms	8,63,12,244	56,16,347
3. Loss assets - Receivables under Financing activity as per Company's Provisioning Norms	-	-
4. Assets derecognised on account of securitisation of receivables is Rs 60,89,84,936 as on 31st Mar'18. (As on 31st Mar'17- Rs 913,41,589)	-	-
Less: Long term maturities of Receivables under Financing Activity transferred to Receivables under Financing Activity	3,63,50,15,482	1,40,30,10,579
Less: Loss assets - Receivables under Financing activity as above transferred to Provisions and Write offs	-	-
	7,12,66,09,486	4,26,47,50,194
<b>15. CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Cash on Hand	20,10,994	33,92,164
Balances with Scheduled Banks:		
- In Current Accounts	1,31,64,51,474	52,97,31,773
- In Short-term Deposit Accounts	-	-
Balance In Prepaid Card	80,62,807	-
	1,32,65,25,275	53,31,23,937
<b>Other Deposit Balances (Ear-marked)</b>		
- In Deposit Accounts	73,92,10,768	58,85,85,000
Less: Transferred to other Non - Current assets	22,98,75,000	33,95,00,000
	1,83,58,61,043	78,22,08,937
(Deposits are placed as Collaterals with Banks to obtain secured loans)		
<b>16. SHORT-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered good unless otherwise stated</b>		
<b>Other Loans and Advances</b>		
Loan to Staff	1,07,36,749	38,92,416
Other Advances*	16,48,59,039	3,74,76,023
Rent Deposits	74,19,300	18,97,600
Service Tax / GST Recoverable	-	13,84,360
	18,30,15,088	4,46,50,399

\*Other advances include MRR on assignment to the extent of Rs.32,21,625 (PY Rs. 89,44,845) and for Over Collateralisation on account of securitisation of Rs. 10,66,34,968 (PY NIL)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>17. OTHER CURRENT ASSETS</b>		
<b>Considered Good</b>		
Interest accrued but not due :		
- on Loans to Borrowers	7,21,36,752	3,46,34,927
- on Deposit	5,98,15,169	4,30,78,666
	13,19,51,921	7,77,13,593
<b>18. INCOME FROM OPERATIONS</b>		
(a) Interest	1,95,85,62,624	91,16,54,052
(b) Other Financial Services		
- Processing fees	13,40,88,688	6,86,40,563
(c) Recovery of Bad debts	30,780	53,290
	2,09,26,82,092	98,03,47,905
<b>19. OTHER INCOME</b>		
(a) Interest:		
Interest on Deposits	4,51,78,386	4,04,64,464
Other Interests	9,10,247	5,24,968
(b) Others:		
Other non-operating income	1,87,824	1,29,995
Facilitation fee	2,64,80,874	99,63,210
Dividend exempt	48,58,842	14,17,125
Income from Current Investments	1,86,99,430	9,88,195
	9,63,15,603	5,34,87,957
<b>20. FINANCE COSTS</b>		
Interest on Loans:		
- Term Loans-Banks	44,17,67,476	22,69,61,260
- Cash Credit facility	14,50,300	34,06,971
- Term Loans-NBFC	36,75,57,966	24,25,81,737
Interest on NCD	12,11,17,657	1,52,63,014
Loan Processing Fees	3,01,69,840	4,53,01,024
Bank charges	88,18,114	24,74,118
Loan Documentation & Inspection charges	49,67,103	9,42,193
	97,58,48,457	53,69,30,317
<b>21. EMPLOYEE COSTS</b>		
Salaries, Wages and Bonus	31,40,24,028	17,39,55,757
Contribution to Provident and Other Funds	3,39,94,404	1,58,66,150
Staff Welfare expenses	64,68,072	28,73,861
	35,44,86,504	19,26,95,768

Particulars	As at March 31, 2018	As at March 31, 2017
<b>22. OTHER OPERATING EXPENSES</b>		
Rent	1,93,65,948	1,06,54,471
Electricity charges	27,14,593	17,32,407
Rates and Taxes	66,20,885	5,43,816
Insurance	29,86,296	3,03,711
Loss on sale of asset	-	40,385
Repairs and Maintenance	2,03,41,336	1,08,81,981
Travelling & Conveyance*	5,36,96,927	3,13,70,208
Communication expenses	61,93,181	26,46,626
Printing & Stationery	1,22,11,716	72,75,330
Postage & Courier	24,77,981	8,84,925
Business Promotion expenses	73,22,651	32,55,676
Professional charges	4,98,64,042	1,17,38,317
Other expenses	52,49,669	18,12,945
CSR expenses	20,00,000	11,70,000
Director Sitting Fees	22,05,000	8,20,000
Credit Bureau expenses	23,83,678	11,89,772
Loss on Account of Theft	1,20,500	-
Auditor's Remuneration**:		
- Statutory Audit	18,00,000	13,75,000
- Tax Audit	2,00,000	2,00,000
For Management Services		
- Certification fees	-	30,000
** excluding Service tax / GST		
*Includes Foreign Travel expenditure NIL (PY Rs 2,77,563)		
	19,77,54,401	8,79,25,570
<b>23. PROVISIONS AND WRITE-OFFS</b>		
Provision for Standard Receivables under Financing Activity (Net)	5,09,38,641	3,01,98,700
Contingent Provisions against Standard Assets @ 0.40% (PY @ 0.25%)	2,88,77,098	1,41,69,402
Provision for Other Losses	55,05,644	-
Provision for Write Off	2,06,100	-
Loss Assets written off	5,34,02,362	-
	13,89,29,845	4,43,68,102
Refer Note 3 No. 23 (C) under Notes to Accounts for details of Loss Assets written off.		
<b>24. EARNINGS (LOSS) PER SHARE</b>		
<b>Profit after tax</b>	33,66,36,734	10,44,21,755
Weighted average number of equity shares	2,33,07,938	2,04,21,606
<b>Earning per Share (Rs.)</b>		
- Basic	14.44	5.11
- Diluted	14.44	5.11
- Face Value per share (Rs.)	10	10

## 25. Significant Accounting Policies for the Year 2017-18

### Note 1 Corporate Information

Belstar Investment and Finance Private Limited, headquartered in Chennai, is a Company incorporated on 11th January 1988 and registered with the Reserve Bank of India as a Non Banking Financial Company (NBFC) from March 2001. The Company is basically engaged in the business of providing loans and access to Credit to the Self Help Group (SHG) members / Joint Liability Group (JLG) members and other loans like Sanitation, MSME and operating in the financial inclusion space. The Company got classified as a NBFC -MFI effective 11th December 2013. The Company has become a deemed public company under the provisions of the Companies Act, 2013 with effect from 8th December 2016. The company is a Systemically important Non- deposit taking NBFC ( NDSI- NBFC) as at 31st March 2018.

### Note 2 Significant Accounting Policies

#### 1. Basis of accounting and preparation of financial statements

The financial statements have been prepared and presented on accrual basis, under the historical cost convention except interest/discount on a loan which have been classified as Non-Performing Assets (NPA) and is accounted for on cash basis, unless otherwise stated in accordance with the Generally Accepted Accounting Principles (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act 2013 ( " The Act"), read together with Rule 7 of the Companies ( Accounts) Rules 2014 and Companies (Accounting Standards) Amendments Rules, 2016, provisions of the RBI applicable as per Master Directions- Non Banking Financial Company – Systemically Important Non Deposit Taking Company and Deposit Taking Company ( Reserve Bank) Directions 2016 issued vide Notification RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (NBFC Master Directions, 2016), as amended from time to time and other applicable clarifications provided by the RBI.

The accounting policies applied by the Company are consistent with the those applied in the previous year, unless specified otherwise.

#### 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. Cash flow statement

The Cash Flows are reported using the indirect method, whereby net profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the company are segregated based on available information.

Cash and cash equivalents (for the purpose of cash flow statement) comprises of cash on hand and Cash and demand deposits with bank.

#### 4. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Interest income on portfolio loans is recognized in the statement of profit and loss on a time proportion basis taking into account the amount outstanding and the rates applicable, except in case of non-performing assets (“NPA’s”) where it is recognized, upon realization, as per the prudential norms prescribed by Reserve Bank of India.
- ii. Profit on securitization of loan portfolio through bankruptcy remote Special Purpose Vehicle (SPV) is recognized over the residual life of the securitization transaction in terms of RBI Guidelines. Profit on sale of loan assets through direct assignment, without any recourse obligation or otherwise is amortized over the residual life of the loan.
- iii. Loan Processing Fees charged to borrowers are recognized upfront in the year of receipt.
- iv. Interest income on deposits with banks is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- v. All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization /collection.

#### 5. Fixed Assets and Depreciation

- i. Fixed assets are stated at costs less accumulated depreciation and accumulated impairment loss, if any. 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.



## 6. Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current Investments are carried at lower of cost or fair value of each investments individually. Non-Current Investment are carried individually at cost less provision made to recognize any decline other than temporary, in the value of such investments. Cost of investments include acquisition charges such as brokerage, fees and duties.

## 7. Receivables under Financing activity

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

The company has a system of getting confirmation of balances from its borrowers periodically.

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

### 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.

## 9. Provisions and Contingent Liabilities

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.

A disclosure for a Contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

## 10. Borrowing Cost

Borrowing costs includes interest which are recognized on time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings.

### Processing Fees - loans from banks / financial institutions

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

Ancillary fees incurred for arrangement of borrowings from banks and financial institutions are amortised over the tenor of the respective loans and those incurred in connection with securitization transaction are amortized over the tenor of the securitisation deal.

## 11. Taxes on income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income tax Act, 1961.

Deferred tax charge or benefit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or benefit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonably/virtually certain to be realised.

## 12. Classification & Provisioning of Loan Portfolio:

Loan Portfolio is classified and provision is made in accordance with the Non-Banking Finance Company – Micro Finance Institutions (NBFC-MFIs) Directions issued by Reserve Bank of India as mentioned below:

### 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 means an asset for which, interest/principal payment has remained overdue for a period of 90 days or more.

### Provisioning Norms:

Provision on portfolio loans are made at the higher of management estimate or minimum provision required as per Non-Banking Finance Company Micro Finance Institutions (Reserve Bank) Directions, 2011 as amended from time to time. The Management treats a loan overdue as soon as a scheduled installment is failed.

A. The aggregate loan provision shall not be less than the higher of:

- i. 1% of the outstanding loan portfolio, or
- ii. 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

B. Further the Company also provides Contingent provision for Standard asset at 0.40 percent of the outstanding, which shall not be reckoned for arriving at net NPAs.

C. Provision for losses arising under securitized/managed portfolio is on the basis of incurred losses, subject to the maximum guarantee given in respect of securitization.

## 13. Earnings per share

Basic earnings per share is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed to have been converted as of the beginning of the year, unless they have been issued at a later date.

#### 14. Goods and Services Tax

Goods and Services Tax input credit is accounted for in the books in the period in which the underlying goods or services received is accounted and is expensed when there is no uncertainty in availing / utilizing the same.

#### Note 3 Notes to Accounts for the Year 2017-18

#### 15. Managerial Remuneration

Managing Director

Amounts in ₹

SL. No	Particulars	For the Year ended 31 March 2018	For the Year ended 31 March 2017
1	Gross Salary	72,70,000	48,00,000
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	Nil	Nil
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission	Nil	Nil
	as % of profit	Nil	Nil
	others, specify	Nil	Nil
5	Others, please specify		
	- Contribution to PF	21,600	21,600
	<b>Total</b>	<b>72,91,600</b>	<b>48,21,600</b>

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.

#### 16. 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.

#### 17. Expenditure in Foreign Currency

The total foreign travel expenditure for the FY 2017-18 is Nil (PY Rs. 277,563/-)

## 18. 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 per AS -17 "Segment Reporting"

## 19. Gratuity

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

Particulars	Amounts in ₹	
	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Projected Benefit Obligation at the beginning of the Year / Period	10,303,356	6,224,490
Service Cost	3,120,410	1,477,797
Interest Cost	721,800	428,963
Actuarial (Gains) /Losses	-	-
Benefits Paid / Charges deducted	(556,721)	(1,449,940)
Projected Benefit Obligation at the end of the Year / Period	17,739,813	103,03,356
<b>Change in Plan Assets</b>		
Fair value of plan assets as at the beginning of the period	7,465,895	6,112,880
Expected Returns on Plan Assets at the Beginning of the Year / Period	775,424	586,480
Employer's Contribution	5,010,537	2,257,067
Benefits Paid / Charges deducted	(556,721)	(14,49,940)
Actuarial Gains /(Losses)	(513,539)	(40,592)
Fair Value on Plan Assets at the end of the Year / Period	1,218,596	74,65,895
<b>Cost of the defined Benefit Plan for the Year / Period</b>		
Current Service Cost	3,120,410	1,477,797
Interest on Obligation	721,800	428,963
Expected Return on Plan Assets	(775,424)	(586,480)
Net Actuarial (Gains) /Losses recognized in the Year End / Period	4,231,193	3,662,638
Past service cost- vested benefits	433,315	-
Net Cost Recognized in the Profit and Loss account	7,731,293	4,982,918
<b>Assumptions</b>		
Discount Rates	7.28%	7.20%
Future Salary Increase	10.00%	6.00%
Expected Rate Of Return on Plan Assets	7.50%	8.00%

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

## 20. 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 2018	For the Year ended 31 March 2017
Key Management Personnel	Dr. Mrs. Kalpanaa Sankar	Dr. Mrs. Kalpanaa Sankar
Relative of Key Management Personnel	Ms. D. Bindhu (sister of Dr. Mrs. Kalpanaa Sankar) Ms. Kamini Dhandapani (sister of Dr. Mrs. Kalpanaa Sankar)	Ms. D. Bindhu (sister of Dr. Mrs. Kalpanaa Sankar) Ms. Kamini Dhandapani (sister of Dr. Mrs. Kalpanaa Sankar)
Entities Holding Substantial Interest	Sarvam Financial Inclusion Trust (previously known as Sarvam Mutual Benefit Trust, Kancheepuram)	Sarvam Financial Inclusion Trust (previously known as Sarvam Mutual Benefit Trust, Kancheepuram)
Holding Company	Muthoot Finance Limited	Muthoot Finance Limited
Entities where Company has Control	-	-
Entities where Key Management Personnel are interested	Dr. Mrs. Kalpanaa Sankar 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	Dr. Mrs. Kalpanaa Sankar 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**

Amounts in ₹

Transaction	Related Party	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Towards loan repayment collections, reimbursement of expenses and loan recoveries for employees transferred	Hand in Hand India		
	• Total debits	41,609,473	1,396,887
	• Total credits	41,244,106	1,889,607
Consultancy Services Availed for Training	Hand in Hand Consulting Services Private Limited	1,470,000	1,995,000
Corporate Social Responsibility (CSR ) Expenses	Hand in Hand India	2,000,000	1,170,000
Towards purchase of SHG Loan Portfolio	Hand in Hand India	571,469,691	178,426,708
Towards purchase of Enterprise Loan Portfolio	Sarvam Financial Inclusion Trust	4,458,245	Nil
Term Loan Availed	Muthoot Finance Limited	Nil	200,000,000
Interest on Account of Term loan availed	Muthoot Finance Limited	36,914,107	25,545,613
Dividend Paid on Equity Shares	Muthoot Finance Limited	6,757,857	Nil
Interest on Account of Term loan availed	Muthoot Finance Limited	1,130,137	Nil
Processing fees paid towards term loan	Muthoot Finance Limited	10,00,000	20,00,000
NCD issued	Muthoot Insurance Brokers Private Limited	7,00,00,000	Nil
Rights issue of Shares	Muthoot Finance Limited	7,00,00,000	Nil
Interest on NCD paid	Muthoot Insurance Brokers Private Limited	17,565,204	3,328,767
<b>Balance at the end of the year</b>			
	Payable to Hand in Hand India	1,64,292	5,29,659
	NCD Investment by Muthoot Finance Limited	Nil	10,000,000
	NCD Investment by Muthoot Insurance Brokers Private Limited	170,000,000	90,000,000
	Term Loan by Muthoot Finance Limited	7,96,65,000	18,33,33,000
	Hand in Hand Consulting Services Private Limited	11,34,000	Nil

## 21. Securitisation

As per RBI guidelines on Securitisation DNBR (PD) CC. No.002/03.10.001/2014-15 dated November 10, 2014 the details of securitization are given below:

Particulars	March 31,2018 Number / Amount ₹	March 31,2017 Number / Amount ₹
No of SPVS sponsored by the NBFC for securitisation transactions	3	1
Total amount of securitized assets as per books of the SPVs Sponsored	980,075,065	17,63,84,197
Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet	Nil	Nil
a) Off-balance sheet exposures		
First loss	40,785,768	Nil
Others	106,634,998	Nil
b) On-balance sheet exposures		
First loss	Nil	1,03,86,528
Others	Nil	Nil
Amount of exposures to securitisation transactions Other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitizations		
First loss	Nil	Nil
Loss	Nil	Nil
ii) Exposure to third party securitisations		
First loss	Nil	Nil
Others	Nil	Nil
b) On-balance sheet exposures		
i) Exposure to own securitisations		
First loss	Nil	Nil
Others	Nil	Nil
ii) Exposure to third party securitisations		
First loss	Nil	Nil
Others	Nil	Nil

**Details of Financial Assets sold:-**

Amounts in ₹

Particulars	March 31,2018	March 31,2017
No. of accounts	55912	Nil
Aggregate value of accounts sold to Securitisation Company	980,075,065	Nil
Aggregate Consideration	873,440,067	Nil
Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
Quantum of credit enhancement in the form of deposits	40,785,768	Nil
Aggregate gain /( loss) over net book value excluding service fee	Nil	Nil

**Detail of Assignment Transactions undertaken:-**

Amounts in ₹

Particulars	March 31,2018	March 31,2017
i) Total number of loans assets assigned during the year	Nil	16,731
ii) Book value of loans assets assigned during the year	Nil	17,63,84,197
iii) Sale consideration received during the year	Nil	15,99,96,971
iv) Interest spread recognised in the statement of Profit & Loss during the year (including amortization of unamortised interest spread)	44,45,361	64,19,695

**22. Corporate Social Responsibility**

a) Gross amount required to be spent by the company during the year ended 31.03.2018 Rs 20.00 lakhs

b) Amount spent during the year on:

Amounts in ₹

Particulars	By Bank		Yet to be paid in Cash		Total	
	March 31,2018	March 31,2017	March 31,2018	March 31,2017	March 31,2018	March 31,2017
Construction/acquisition of any asset	Nil	Nil	Nil	Nil	Nil	Nil
On purposes other than above (Skill training)	2,000,000	11,70,000	Nil	Nil	2,000,000	11,70,000



### 23. A. Loan Portfolio and Provisions for Standard and Non-performing Assets

Amounts in ₹

Asset Classification	Loans Outstanding as at 31st March 2018 (Gross)	Provisions for Assets as at 31st March 2018	Loans Outstanding as at 31st March 2018 (Net)
Standard Assets	10,67,53,12,724	9,81,74,424	10,57,71,38,300
Non Performing Assets	8,63,12,244	5,24,88,325	3,38,23,919
<b>TOTAL</b>	<b>10,76,16,24,968</b>	<b>15,06,62,749</b>	<b>10,61,09,62,219</b>

### B. Changes in Provisions

Amounts in ₹

Particulars	As at 01st April 2017	Additional Provision	Utilization/ Reversal	As at 31st March 2018
Provision for Standard Assets including contingent provision for Receivables under Financing Activity	6,60,67,054	3,21,07,370	Nil	9,81,74,424
Provision for Non-performing Receivables under Financing Activity	47,79,956	4,77,08,369	Nil	5,24,88,325
<b>TOTAL</b>	<b>7,08,47,010</b>	<b>7,98,15,739</b>	<b>Nil</b>	<b>15,06,62,749</b>

### C. Provision for Write off

Based on prudence and upon the review of the total amount of loan outstanding, the management is of the opinion that certain loan accounts are not recoverable, and to that extent, the Company has written off such loans for which the tenure of the loan is completed, amounting to Rs.5,34,02,362(Previous year-NIL).

**24. Additional Disclosures pursuant to Reserve Bank Directions vide:**

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

SL. No	Particulars	As at 31st March 2018	
		Amount Outstanding in Rs.	Amount Over Due in Rs.
<b>Liabilities :</b>			
<b>1</b>	Loans and advances availed by the NBFC inclusive of interest accrued thereon not paid:		
	(a) Debentures		
	-Secured	166,66,66,800	Nil
	-Unsecured (Other than falling within the meaning of Public deposits)	92,00,00,000	Nil
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	8,50,38,12,461	Nil
	(d) Inter-Corporate Loans and Borrowings	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) Other Loans (Nature of other Loans, CC etc.)	6,90,91,759	Nil

SL. No	Particulars	Amount Outstanding as On 31st March 2018 in Rs.	
<b>Assets</b>			
<b>2</b>	Breakup of Loans and Advances including Bills Receivables [Other than those included in (3) below] :		
	(a) Secured		Nil
	(b) Unsecured (including Interest accrued Rs 7,21,36,752 and Other Loans Rs.1,07,36,749)	108,444,98,469	
<b>3</b>	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 hire 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

SL. No	Particulars	Amount Outstanding as On 31st March 2018 in Rs.
	Current 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
	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

SL. No	Category	Net of provisions as at 31 March 2018 (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	108,444,98,469	108,444,98,469
<b>TOTAL</b>		Nil	108,444,98,469	108,444,98,469

## 6. Investor Group-Wise classification of all Investments ( Current and Long-term) in Shares and Securities (both quoted and unquoted)

SL. No	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
<b>TOTAL</b>		Nil	Nil

## 7. Other Information

Amounts in ₹

SL. No	Category	Amount outstanding as at March 31, 2018
(i)	Gross Non-Performing Assets	
	Related Parties	Nil
	Other than Related Parties	8,63,12,244
(ii)	Net Non-Performing Assets	
	Related Parties	Nil
	Other than Related Parties	3,38,23,919
(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**

Amounts in ₹

Particulars	March 31, 2018	March 31, 2017
i) CRAR Tier I Capital as a Percentage of Total Risk weighted Assets (%)	10.56	13.15
ii) CRAR Tier II Capital as a Percentage of Total Risk weighted Assets (%)	7.57	3.85
iii) CRAR (%)	18.14	17.00
iv) Amount of subordinated debt raised as Tier II Capital	37,40,00,000	18,00,00,000
v) Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

**ii. Exposure to Real Estate Sector both Direct and Indirect**

Amounts in ₹

Category	March 31, 2018	March 31, 2017
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
(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. Maturity Pattern of Assets and Liabilities

#### Maturity Pattern of Certain Items of Assets and Liabilities as at March 31, 2018

₹ 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 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
<b>Liabilities</b>									
Borrowing from Banks	4,054	1,984	3,037	7,685	18,507	30,304	313	-	65,883
Other Financial institutions	646	1,497	1,220	3,559	5,930	6,994	-	-	19,846
Market Borrowings	500	500	1,458	2,458	4,917	12,833	2,800	400	25,867
<b>TOTAL</b>	<b>5,200</b>	<b>3,981</b>	<b>5,715</b>	<b>13,702</b>	<b>29,354</b>	<b>50,131</b>	<b>3,113</b>	<b>400</b>	<b>1,11,596</b>
<b>Assets</b>									
Receivables under Financing activity	6,924	7,239	7,099	18,875	31,128	36,350	-	-	1,07,616
Loan to staff	9	9	8	30	51	-	-	-	107
Cash and Bank Balance	13,265	-	-	-	-	-	-	-	13,265
Deposits	599	100	-	150	1,450	4,968	125	-	7,392
<b>TOTAL</b>	<b>20,797</b>	<b>7,348</b>	<b>7,108</b>	<b>19,055</b>	<b>32,629</b>	<b>41,319</b>	<b>125</b>	<b>-</b>	<b>1,28,381</b>

#### iv. Disclosure of Frauds reported during the year to RBI vide DNBS PD.CC NO. 256 / 03.10.042 / 2012 -13 dated March 02, 2012

Amounts in ₹

Particulars	March 31, 2018	March 31, 2017
No of frauds reported during the year to Reserve Bank of India	5	Nil
Amount involved in such frauds and provided for (in Rs)	55,05,644	Nil
<b>Total</b>	<b>55,05,644</b>	<b>Nil</b>

**C. 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, 2014.**

#### **Information on Net Interest Margin**

Computation of aggregate margin cap as on March 31, 2018	31st March 2018
Average Interest (a)	23.74%
Average effective cost of borrowing (b)	14.00%
Net interest margin (a-b)	9.74%

#### **25. Capital and Other Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs NIL

#### **26. Contingent Liabilities**

Nil (Previous Year – Nil)

#### **27. Exposures**

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

#### **28. Rating**

The Company has been assigned CARE A rating for Bank Loans and MFI 2+ grading from CARE during the year 2017-18.

#### **29. Prior Year Figures**

Previous year figures have been regrouped/reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

As per our report of even date attached

For N.SANKARAN & CO

Chartered Accountants

Firm Regn No 003590S

sd/-

L.Pattabhiraman, FCA

Partner

Membership No 022023

**Place:** Chennai

**Date:** May 11, 2018

For and on behalf of the Board

sd/-

Dr.Kalpanaa Sankar

Managing Director

sd/-

L Muralidharan

Chief Financial Officer

sd/-

Dr. N. Jeyaseelan

Director

sd/-

Sunil Kumar Sahu

Company Secretary

## NOTICE TO THE SHAREHOLDERS FOR THE 30TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 30TH ANNUAL GENERAL MEETING OF THE MEMBERS OF BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED WILL BE HELD ON AUGUST 18TH, 2018 AT 2.00 P.M. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT OLD NO. 14, NEW NO. 33, 48TH STREET, 9TH AVENUE, ASHOKNAGAR, CHENNAI – 600 083, TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS:

Item No. 1 - Receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March 2018, the Auditor's Report and Board's Report thereon

Item No. 2 - Appointment of a Director in place of Mr. K R Bijimon (having DIN: 00023071) who retires by rotation and is being eligible, offers himself for re-appointment.

Item No. 3 - To Ratification of appointment of M/s. N. Sankaran & Co., Chartered Accountants, Chennai (having Firm Reg. No. 003590S) as Statutory Auditors of the Company and fixing their remuneration

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

“**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and in view of the Companies (Audit and Auditors) Amendment Rules, 2018 notified on 7th May 2018 whereby the requirement of ratification of appointment of auditors has been done away with, the approval of the members be and is hereby accorded that M/s. N. Sankaran & Co., Chartered Accountants (having Firm Registration Number 003590S) having been appointed as Auditors of the Company in its annual general meeting held on 15th September 2014 be continued to hold office from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting held in the year 2019 without requiring any further ratification from the members at any subsequent Annual General Meetings during the current term of their appointment, to audit the accounts of the Company on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

“**RESOLVED FURTHER THAT** the resolution passed by the Members at the 28th Annual General Meeting held on 27th September, 2016 appointing M/s. N. Sankaran & Co., Chartered Accountants (having Firm Registration Number 003590S) as auditors of the Company stands modified to the extent that requirement of ratification by Members at every Annual General Meeting be dispensed with in view of the Companies (Amendment) Act, 2017.”



## SPECIAL BUSINESS

### Item No. 4 - Issue of Equity Shares on Preferential Basis

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

“**RESOLVED THAT** pursuant to the provisions of section 42, 62(1)© and other applicable provisions, if any of the Companies Act, 2013 (the “**Act**”), read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification thereto or re-enactment thereof for the time being in force), the Articles of Association of the Company, subject to requisite permissions consents, sanctions and approval if any, or any authority, including Reserve Bank of India (RBI), as may be required and subject to such conditions as may be prescribed by any of them while granting any such approvals, consents, permissions, and/or sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**Board**” which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise one or more of its power including the powers conferred by this resolution), the consent of the Members be and is hereby accorded to the Board to create, issue, offer, and allot, 86,73,956 nos. of Equity shares of the Company of the face value of Rs. 10/- each (“Equity Shares) at a price of Rs.156.77/- each (including a Premium of Rs.146.77/- per share) aggregating up to **Rs. 1,35,98,16,083/-** (Rupees One Hundred and Thirty-Five Crore Ninety-eight Lakhs Sixteen Thousand and Eighty-Three only) to the following identified persons (collectively known as “Investors”), on a preferential basis at such time or times, in one or more tranches and on such terms and conditions and in such manner as the Board may think fit in its absolute discretion.”

S. No	Details of Subscriber	No. of Equity shares	Consideration
1	Muthoot Finance Ltd (MFL)	45,27,755	70,98,16,152
2	Maj Invest Financial Inclusion Fund II K/S (“MIFIF”)	41,46,201	64,99,99,931
TOTAL		86,73,956	1,35,98,16,083

“**RESOLVED FURTHER THAT** pursuant to Section 62(1)© of the Companies Act, 2013, the Company has obtained the Share Valuation report from M/s. Arockiasamy & Raj, Chartered Accountants, Chennai (having Firm Registration Number 06850S) dated May 15, 2018 and the same is taken on record.”

“**RESOLVED FURTHER THAT** the Equity Shares proposed to be issued and allotted pursuant to this resolution shall rank pari-passu with the existing equity shares of the Company in all respects.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable, incidental and expedient for such purpose, including without limitation, issuing clarifications, resolving all questions of doubt and take all other steps which may be incidental, consequential, relevant or ancillary in this connection.”

#### **Item No. 5 - Adoption of the Restated Articles of Association of the Company**

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

**“RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Incorporation) Rules, 2014, (including any statutory modifications or re-enactment thereof, for the time being in force), the amended and restated Articles of Association in supersession and substitution of the existing Articles of Association of the Company, be and is hereby approved.”

**“RESOLVED FURTHER THAT** Dr. Kalpanaa Sankar, Managing Director / Sunil Kumar Sahu, Company Secretary of the Company be and are hereby severally authorized to sign and file all the necessary forms and other necessary documents as may be required by the statutory authorities including the Registrar of Companies and to do such acts and deeds that may be required for the purpose of alteration of the Articles of Association of the Company and adoption of such altered and amended Articles of Association of the Company, that may be suggested by the Registrar of Companies or such other statutory authorities in the implementation of the aforesaid resolutions and to authorize such person or persons to give effect to the above resolutions and to submit all documents to the concerned authorities with regard to the same.”

#### **Item No. 6 - Appointment of Mr. Vadakkakara Antony George (Mr. V A GEORGE) (DIN: 01493737) as an Independent Director of the Company**

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

**“RESOLVED THAT** pursuant to provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Vadakkakara Antony George (DIN 01493737), in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director along with Rs. 1,00,000 (Rupees One Lakh only) under Section 160 of the Act be and is hereby appointed as an Independent Director in Non-Executive capacity of the Company for a term of five years with effect from August 18, 2018 up to August 17, 2023 and he shall not be liable to retire by rotation.”

#### **Item No. 7 - Revision in remuneration of Dr. (Mrs.) Kalpanaa Sankar (DIN: 01926545), Managing Director of the Company**

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

**“RESOLVED THAT** pursuant to the resolution passed by the members at the Annual General Meeting held on 15th September 2014 and in partial modification of resolution passed by the members of the Company at the Extra-ordinary General Meeting held on March 29, 2017 and pursuant to the provisions of Sections 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, after taking into consideration the recommendation of Nomination & Remuneration Committee and the Board of Directors of the Company, the consent of the members be and is hereby accorded for revision in remuneration of Dr. (Mrs.) Kalpanaa Sankar (DIN: 01926545), Managing Director, with effect from April 1, 2018 to March 31, 2019, as given below:

- i. Basic Salary: Rs. 28,80,000/- (Rupees Twenty-Eight Lakhs Eighty Thousand only) per annum.
- ii. Perquisites and allowances: Such as House Rent Allowance, Medical Allowance, Special Allowance, Provident Fund, Conveyance, Medical Reimbursement for self and family, Leave Travel Concession, Gratuity, Utilities expenses, House maintenance, Books, Periodicals and Annual subscription for residence, use of company maintained car for business and personal use and communication expenses as may be provided by the Company and as agreed upon by the Board of Directors of the Company and Dr. (Mrs.) Kalpanaa Sankar subject however that the total value of allowances and perquisites payable shall not exceed the amount of Rupees: 61,41,600/- (Rupees Sixty one lakhs forty one thousand six hundred only ) per annum.
- iii. Depending on her performance a 2% incentive on Profit after Tax in excess of 15% of Return on Equity (based on average Net worth) subject to a maximum of two months' salary will be paid at the end of the financial year 2018-2019.
- iv. All other benefits if any subject to revision within the scale fixed as per the remuneration policy of the Company and periodic performance appraisal."

**"RESOLVED FURTHER THAT** the above remuneration shall be subject to modification, as may be deemed fit by the Board from time to time and subject to the limits and stipulations prescribed by the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by the Government from time to time."

**"RESOLVED FURTHER THAT** where in any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay the remuneration by way of salary, perquisites and allowances as specified above as minimum remuneration, subject to the limits and conditions under Schedule V of the Companies Act, 2013 as may be amended from time to time."

**"RESOLVED FURTHER THAT** approval of the members is also accorded for ratification of the remuneration paid to Dr. (Mrs.) Kalpanaa Sankar, Managing Director for the months of April and May 2018."

**Item No. 8 - Reappointment of Dr. (Mrs.) Kalpanaa Sankar (DIN: 01926545) as Managing Director of the Company for a further period of 5 years and fixing her remuneration**

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

**"RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the recommendations of Nomination & Remuneration Committee and the Board of Directors, the consent of the members be and is hereby accorded to re-appoint Dr. Kalpanaa Sankar (DIN: 01926545) as a Managing Director of the Company, for a further period of 5 (five) years from the expiry of her present term of office, that is, with effect from April 01, 2019 to March 31, 2024 on the terms and conditions as set out in the Statement annexed to the Notice, convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include Nomination and Remuneration Committee constituted of the Board) to alter or vary the said terms and conditions as the Board may deem fit and acceptable to Dr. Kalpanaa Sankar."

**“RESOLVED FURTHER THAT** the remuneration payable to Dr. Kalpanaa Sankar, Managing Director with effect from April 1, 2019 shall be as under:

- i. Basic Salary: Rs. 28,80,000/- (Rupees Twenty-Eight Lakhs Eighty Thousand only) per annum.
- ii. Perquisites and allowances: Such as House Rent Allowance, Medical Allowance, Special Allowance, Provident Fund, Conveyance, Medical Reimbursement for self and family, Leave Travel Concession, Gratuity, Utilities expenses, House maintenance, Books, Periodicals and Annual subscription for residence, use of company maintained car for business and personal use and communication expenses as may be provided by the Company and as agreed upon by the Board of Directors of the Company and Dr. (Mrs.) Kalpanaa Sankar subject however that the total value of allowances and perquisites payable shall not exceed the amount of Rupees: 61,41,600/- (Rupees Sixty one lakhs forty one thousand six hundred only ) per annum.
- iii. Depending on her performance a 2% incentive on PAT in excess of 15% of ROE (based on average Net worth) subject to a maximum of two months' salary which will be paid at the End of the relevant financial year.
- iv. All other benefits if any subject to revision within the scale fixed as per the remuneration policy of the Company and periodic performance appraisal.”

**“RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during the currency of tenure of the re-appointment, the Managing Director shall be paid salary, perquisites and other allowances as set out in Explanatory Statement, as the minimum remuneration, subject to ceiling as specified in Schedule V of the Companies Act, 2013 as may be amended from time to time and subject to the approval of the Central Government, if so required, in accordance with the provisions of the Companies Act, 2013.”

**“RESOLVED FURTHER THAT** any one of the Directors or the Company Secretary of the Company be and are hereby severally authorized to take such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution.”

**Item No. 9 - Reappointment of Mr. Ananthanarayanan Subramanian (DIN: 01777552) as an Independent Director of the Company**

To consider and if deemed fit, to pass with or without modification(s), the following resolution as an **Special Resolution**: -

**“RESOLVED THAT** pursuant to provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ananthanarayanan Subramanian (DIN 01777552), who was appointed as an Independent Director and holds office up to December 19, 2018 and being eligible, be and is hereby re-appointed as an Independent Director of the Company to hold office for another term of 5 (Five) consecutive years, with effect from 20th December, 2018 up to 19th December, 2023, and shall not be liable to retire by rotation”

#### **Item No. 10 - Increase in the Borrowing powers of the Company**

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

**“RESOLVED THAT** in supersession to the earlier Resolution passed by the members of the Company at their Extra-Ordinary General Meeting held on March 29, 2017 and pursuant to the provisions of section 180(1)© of the Companies Act, 2013 and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded, to allow the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose of the Company) for borrowing any sum or sums of monies (exclusive of Interest) from time to time on such terms and conditions as may be determined, from any one or more Company's bankers and /or from any one or more other banks, persons, firms, companies /bodies corporate, financial institutions, institutional Investor(s), Mutual Fund, Insurance companies, pension funds or any entity /entities or authority/ authorities, whether in India or abroad and whether by way of cash credit, advance or deposits, loans or bill discounting, issue of debentures, bonds, commercial papers, long /short term loans, suppliers credit, securitized instruments such as floating rate notes, fixed rate notes, syndicated loans, Commercial borrowings from the private sector window of multilateral financial institution either in rupees and/or in such other foreign currency as may be permitted by law from time to time and/or any instruments/ securities or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets, and property whether immovable or moveable and all or any of the undertaking of the Company, notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed Rs. 3000 Crores (Rupees Three Thousand Crores Only).”

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

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

#### **Item No. 11 Creation of Charge/Mortgage/Hypothecation of Properties of the Company**

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

**“RESOLVED THAT** in supersession to the earlier Resolution passed by the members of the Company at their Extra-Ordinary General Meeting held on March 29, 2017 and pursuant to Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013 and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and the consent of the member of the Company be and is hereby accorded to allow the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) of the Company to sell, create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the substantial assets of the Company in certain events in favour of Banks/Financial institutions, other investing agencies and trustees for the holders of debentures/ bonds/other instruments to secure Rupee/Foreign currency loans and/or the issue of debentures whether partly/fully convertible or non-convertible and/or securities linked to equity shares and/or rupee/ foreign currency convertible bonds (hereinafter collectively referred to as “Loans”) provided that the total amount of Loans payable by the Company in respect of the said Loans, shall not, at any time exceed Rs. 3000 Crores (Rupees Three Thousand Crores Only).”

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

**Item No. 12 - Issuance of Non-Convertible Debenture (NCDs) on private placement basis**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the provisions of the (i) Articles of Association of the Company; (ii) the provisions of SEBI (Issue & Listing of Debt Securities) Regulations, 2008 as amended from time to time (the “SEBI regulation”) (iii) Systemically Important Non-Deposit taking Company (NBFCNDSI) Master Direction norms as prescribed by Reserve Bank of India, and subject to such approval as may require from statutory and regulatory authorities (if and to the extent necessary) from time to time, the consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) of the Company to Issue, offer/ or invite subscription Secured or unsecured redeemable Non-Convertible Debentures (“NCDs”), in one or more series/tranches, denominated in Indian rupees or in any foreign currency on the basis of private placement basis for an amount not exceeding Rs. 1000 Cr. (Rupees Thousand Crores Only) on such terms and conditions to such persons or institutions as the Board of Directors/any Committee of the Company may from time to time, determine and consider proper and most beneficial to the Company.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company or any committee thereof be and is hereby authorised to determine and consider terms that are proper and most beneficial to the Company including, without limitation, the terms of issue including the class of investors to whom the NCDs are to be issued, time, securities to be offered, the number of NCDs, tranches, issue price, tenor, interest rate, premium/ discount, listing, utilization of the issue proceeds and to do all such acts and things and deal with all such matters and take all such steps as may be necessary and to sign and execute any deeds/ documents/ undertakings/ agreements/ papers/ writings, as may be required in this regard and matters connected therewith or incidental thereto.”

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

sd/-

Sunil Kumar Sahu  
Company Secretary

**Place:** Chennai

**Date:** August 16, 2018

**Notes:**

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

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ANNEXED TO THE NOTICE OF THE THIRTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY**

**Item No. 4: Issue of Equity Shares on Preferential Basis**

The Company proposes to issue Equity Shares on preferential basis to the following identified persons (collectively known as “Investors”), which has been approved by the Board of Directors of the Company at its meeting held on June 29, 2018:

S. No	Details of Subscriber	No. of Equity shares	Consideration
1	Muthoot Finance Ltd (MFL)	45,27,755	70,98,16,152
2	Maj Invest Financial Inclusion Fund II K/S (“MIFIF”)	41,46,201	64,99,99,931
<b>TOTAL</b>		<b>86,73,956</b>	<b>1,35,98,16,083</b>

Approval of the members by way of special resolution is required inter alia in terms of Sections 42 and 62(1)© of the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (collectively, the “CA 2013”).

Therefore, in terms of said sections, rules and regulations, consent of the Members is being sought for the issue of 86,73,956 nos. of Equity shares of the Company of the face value of Rs. 10/- each (“Equity Shares) at a price of Rs.156.77/- each (including a Premium of Rs.146.77/- per share) aggregating up to Rs. 1,35,98,16,083/- (Rupees One Hundred and Thirty-Five Crore Ninety-eight Lakhs Sixteen Thousand and Eighty-Three only) on a preferential basis to the Investors mentioned above, entitling the Investors to subscribe to and be allotted the said Equity Shares.

In terms of the provisions of the Companies Act, 2013 read with Rule 13(2) of the Companies (Share Capital and Debentures) Rules, 2014 the relevant disclosures / details are given below:

**1. The Objects of the issue through preferential offer:**

To augment resources of the Company, to raise funds in the form of equity capital so as to enable repayment of existing Preference Share Capital, reduce the borrowing cost and also to enhance the debt/ capital raising capacity in order to respond to various opportunities for the further growth of the business of the Company in terms of introduction of new products, and scaling up of existing SHJ/JLG on lending to members, so as to leverage such structure to achieve higher growth in terms of revenue and profit and for general corporate purposes.

**2. The total number of shares or other securities to be issued:**

The total number of Equity shares to be issued will be 86,73,956 equity shares.

**3. Particulars of the offer including date of passing board resolution:**

Issue 86,73,956 equity shares having face value of Rs. 10/- each (the “Equity Shares”), will be allotted at a price of Rs.156.77/- each (Including a Premium of Rs. 146.77/- per share).

Date of passing board resolution 31st July 2018

**4. Kinds of Securities offered and the price at which security is being offered & Price or price band at/within which the allotment is proposed:**

Equity shares, pari-passu with the existing equity shares (the “Equity Shares”), having face value of Rs. 10/- each, are offered at a price of Rs.156.77/- each (Including a Premium of Rs. 146.77/- per share), and proposed to be allotted at the same price.

**5. Amount which the Company intends to raise by way of such securities:**

By this issue of 86,73,956 equity shares at a price of Rs.156.77/- each, Company proposes to raise Rs. 1,35,98,16,083/- (Rupees One Hundred and Thirty-Five Crore Ninety-Eight Lakhs Sixteen Thousand and Eighty-Three only).

**6. Basis on which the price has been arrived at along with report of the registered valuer:**

For calculation of fair value of shares, the Discounted Cash Flow Method (DCF) method which is one of the internationally accepted methods for valuation of share has been taken into consideration.

Based on the Share Valuation report dated May 15, 2018, obtained by the Company from M/s. AROCKIASAMY & RAJ Chartered Accountants, Chennai (having Firm Registration Number 06850S)

**7. Name and address of valuer who performed valuation:**

M/s. Arockiasamy & Raj,  
Chartered Accountants,  
Firm Registration Number 06850S,  
New No 8/2 Old No.19, First Floor, 2nd Cross Street,  
Kalaimagal Nagar, Ekkaduthangal, Chennai-600032

**8. The Relevant date with reference to which the price has been arrived at:**

The Relevant Date as per the Regulations for the determination of issue price of the equity shares pursuant to the aforesaid preferential allotment is fixed as March 31, 2018.

**9. Class or classes of persons to whom the allotment is proposed to be made:**

The identity of the natural persons who are the beneficial owners of the Equity Shares proposed to be allotted and/or who ultimately control the proposed allottees are as follows:

Identity of the Proposed allottees	Pre-Issue Holding	No. of equity shares to be allotted	Post-issue Holding	% of Post-issue holding
Muthoot Finance Limited	2,17,38,825	45,27,755	2,62,66,580	70.01
Maj Invest Financial Inclusion Fund II K/S ("MIFIF")	Nil	41,46,201	41,46,201	11.05

**10. The intention of the Promoters/Directors/Key Management Personnel to subscribe to the offer:**

The Preferential Issue is not being made to the Promoters, Directors or Key Management Personnel of the Company and the Promoters, Directors or Key Management Personnel of the Company do not intend to subscribe to the offer.

**11. The proposed time within which the allotment shall be completed:**

The Company shall complete the allotment of equity shares as aforesaid on or before the expiry of 12 months from the date of passing of the special resolution by the shareholders granting consent for preferential issue at Annual General Meeting.

**12. A. Material terms of raising such securities: Not Applicable**

**B. Proposed time schedule:** Within one year from the date of passing the Special Resolution

**C. Purposes or objects of offer:** Objects of the issue as mentioned in point no.1 of this explanatory statement

**D. Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects:** Nil

**E. Principle terms of assets charged as securities:** NA



**13. The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them:**

S. No	Name of the Proposed Allottee	% of Post Preferential Offer Capital
1	Muthoot Finance Ltd (MFL)	70.01
2	Maj Invest Financial Inclusion Fund II K/S ("MIFIF")	11.05

**14. The change in control, if any, in the company that would occur consequent to the preferential offer:**

There shall be no change in management or control of the Company pursuant to the issue of the equity shares.

**15. The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price:**

During the year 2018-19, the Company had issued 42,00,000 equity shares of Rs.10/- each at a price of Rs.156.77/- each (including a premium of Rs.146.77/- each) aggregating to Rs.65,84,34,000/- to Muthoot Finance Limited (MFL), on preferential basis.

**16. The pre-issue and post issue shareholding pattern**

S. No	Category	Pre-issue		Post Issue	
		No. Of Shares held	% of Share holding	No. Of Shares held	% of Share holding
<b>A</b>	<b>Promoter's holding:</b>				
1	Indian:				
	Individual	1,02,874	0.36	1,02,874	0.27
	Bodies Corporate	70,04,869	24.28	70,04,869	18.67
	Sub –Total	71,07,743	24.64	71,07,743	18.94
2	Foreign Promoters	-	-	-	-
	Sub -Total(A)	71,07,743	24.64	71,07,743	18.94
<b>B</b>	<b>Non- Promoter's holding:</b>				
1	Institution Investors	2,17,38,825	75.36	2,62,66,580	70.01
2	Non – Institution:	-	-	-	-
	Private Corporate Bodies	-	-	-	-
	Directors and relatives	-	-	-	-
	Indian Public	-	-	-	-
	Other (including NRIs/ Non-resident Investor)	-	-	4146201	11.05
	Sub –Total (B)	2,17,38,825	75.36	3,04,12,781	81.06
	<b>GRAND TOTAL</b>	<b>2,88,46,568</b>	<b>100</b>	<b>3,75,20,524</b>	<b>100</b>

**17. Justification for the allotment proposed to be made for consideration other than cash together with valuation report: NA**

As it is proposed to issue and allot the aforesaid securities on preferential basis, special resolution is required to be approved by members pursuant to the provisions of Section 62 of the Companies Act, 2013 and other applicable provisions of Companies Act, 2013.

The members are, therefore, requested to accord their approval authorizing the Board for the proposed or preferential issue as set out at the item no 4 as a Special Resolution.

None of the Directors / Key Managerial Personnel or their relatives are concerned or interested in the resolution except Mr. George M Alexander, Mr. George M Jacob & Mr. K R Bijimon, Investor Directors representing M/s. Muthoot Finance Limited.

**Item No. 5: Adoption of the Restated Articles of Association of the Company**

Due to the New Shareholding Agreement coming in force and due to the change in Investor, several regulations of the existing Articles of Association (“AOA”) of the Company require alteration or deletions. It is therefore considered expedient to replace the existing AOA with an entirely new set of AOA. The substitution of the existing AOA with the new AOA is proposed to align the AOA of the Company with the provisions of the Companies Act, 2013.

The Board recommends the resolution set out at the item no. 5 for approval of the Members as a Special Resolution.

None of the Directors / Key Managerial Personnel or their relatives is concerned or interested in the resolution.

**Item No. 6: Appointment of Mr. Vadakkakara Antony George (Mr. V A GEORGE) (DIN:01493737) as an Independent Director of the Company**

The Nomination and Remuneration Committee had recommended to the Board for appointment of Mr. V A George as an Independent Director of the Company and Board vide its Meeting held on May 11, 2018 approved the recommendation of the Nomination and Remuneration Committee and the Board recommended to the shareholders for appointment of Mr. V A George as an Independent Director of the Company. Mr. V A George is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company. The Company has also received a declaration from Mr. V A George that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. In the opinion of the Board, Mr. V A George possesses appropriate skills, experience and knowledge and, he fulfills the conditions for his appointment as an Independent Director as specified in the Companies Act, 2013.

Hence proposal is placed before the shareholders for appointment of Mr. V A George as an Independent Director for a term of five years with effect from August 18, 2018 to August 17, 2023.

The Board recommends the resolution no. 6 for the approval of members as an Ordinary Resolution.

None of the Directors / Key Managerial Personnel or their relatives is concerned or interested in the resolution.

**Item No.7: Revision in remuneration of Dr. (Mrs.) Kalpanaa Sankar (DIN: 01926545), Managing Director of the Company &**

**Item No.8: Re-appointment of Dr. (Mrs.) Kalpanaa Sankar (DIN: 01926545) as a Managing Director of the Company for a further period of 5 years and fixing her remuneration**

The Nomination and Remuneration Committee, in its meeting held on May 11, 2018, recommended to the Board and the Board of Directors, in its meeting held on May 11 2018, approved the payment of following remuneration to Dr. (Mrs.) Kalpanaa Sankar (holding DIN:01926545), Managing Director of the Company, for the period April 1, 2018 to March 31, 2019, subject to the approval of the shareholders in the Annual General Meeting:

- a. Basic Salary: Rs. 28,80,000/- (Rupees Twenty-Eight Lakhs Eighty Thousand only) per annum.
- b. Perquisites and allowances: Such as House Rent Allowance, Medical Allowance, Special Allowance, Provident Fund, Conveyance, Medical Reimbursement for self and family, Leave Travel Concession, Gratuity, Utilities expenses, House maintenance, Books, Periodicals and Annual subscription for residence, use of company maintained car for business and personal use and communication expenses as may be provided by the Company and as agreed upon by the Board of Directors of the Company and Dr. (Mrs.) Kalpanaa Sankar subject however that the total value of allowances and perquisites payable shall not exceed the amount of Rs. 61,41,600/- (Rupees Sixty one lakhs forty one thousand six hundred only) per annum.
- c. Depending on her performance a 2% incentive on PAT in excess of 15% of ROE (based on average Net worth) subject to a maximum of two months' salary which will be paid at the End of FY 2018-2019.
- d. All other benefits if any subject to revision within the scale fixed as per the remuneration policy of the Company and periodic performance appraisal.

The above remuneration payable to Dr. (Mrs.) Kalpanaa Sankar will be reviewed by the Nomination and Remuneration Committee and approved by the Board annually in line with the organizational policies.

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

Further the Board as per the recommendation of the Nomination and Remuneration Committee approved the reappointment of Dr. (Mrs.) Kalpanaa Sankar as Managing Director for a further period of 5 year with effect from April 01, 2019 to March 31, 2024 with same terms and conditions as mentioned above.

Dr. (Mrs.) Kalpanaa Sankar was earlier reappointed as Managing Director of the company for period of 5 years from 1st April 2014 to 31st March 2019.

The details and Disclosure as required under Schedule XIII of the Companies Act, 2013 and Schedule V of the Companies Act, 2013 are given hereunder as an Annexure to this Notice.

The resolution for re-appointment as well as payment of remuneration were approved by the Board based on the industry standards and responsibilities handled by the Managing Director of the Company.

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

The Board recommends for the approval of members, the resolutions as set out at Item No. 7 as a Special Resolution & Item No 8 as Ordinary Resolution

None of the Directors and Key Managerial Personnel are interested in the resolutions set out in Item nos.7 & 8, except Dr. (Mrs.) Kalpanaa Sankar.

**Item No. 9: Re-appointment of Mr. Ananthanarayanan Subramanian (DIN:01777552) as an Independent Director of the Company**

Mr. Subramanian Ananthanarayanan (hereafter called Mr. A. Subramanian) (DIN 01777552) was appointed as an Independent Director w.e.f. December 20, 2013 and holds office as an Independent Director of the Company up to December 19, 2019 (“first term”).

The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee considers that, given his background and experience and contributions made by him during his tenure, the continued association of Mr. A. Subramanian would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, it is proposed to re-appoint Mr. A. Subramanian as an Independent Director of the Company, not liable to retire by rotation, for a second term of 5 (five) consecutive years on the Board of the Company.

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

The Company has also received declaration from Mr. A. Subramanian that he meets the criteria of independence as prescribed both under Section 149(6) of the Act.

In the opinion of the Board, Mr. A. Subramanian fulfils the conditions for appointment as an Independent Director as specified in the Companies Act 2013. Mr. A. Subramanian is independent of the management.

Details of Mr. A. Subramanian, are provided in the “Annexure” to the Notice. He shall be paid remuneration by way of sitting fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings. The Board recommends the resolution no. 9 for the approval of members as Special Resolution.

None of the Directors nor Key Managerial personnel or their respective relatives are in any way concerned or interested in this resolution, except Mr. Ananthanarayanan Subramanian being the appointee.

**Item No. 10: Increase in the Borrowing Powers of the Company**

**&**

**Item No. 11: Creation of Charge/Mortgage/Hypothecation of properties of the Company**

At the Extra Ordinary General Meeting of the Company held on March 29, 2017, the Members had, by way of Special Resolution, approved borrowing monies on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves, subject to the total outstanding amount so borrowed not exceeding a sum of Rs.2000 crores at any point of time.

With the proposed Business plan of the Company to build up the Loan Portfolio beyond Rs. 1984 Crores and Loan disbursement of Rs. 2211 Cr in FY 2018-19 and onwards, the earlier limit on the borrowings as above-said needs to be revisited. Hence it has been thought fit to increase the limit on borrowings to Rs.3000 crores. Hence in this connection, the approval of the Members for the said borrowings and creation of a mortgage or charge for the said borrowing is therefore now being sought, by way of a Special Resolutions, pursuant to Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013 respectively.

The Board recommends passing of the resolutions set out at Item No. 10 & 11 as Special Resolutions.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolutions at Item Nos. 10 & 11.

**Item No. 12: Issuance of Non-Convertible Debenture (NCDs) on private placement basis**

The Company uses the Non-Convertible Debenture route as a source of funding to meet its business requirements.

As per Sec 71 of the Companies Act, 2013, a company may issue debentures w.r.t. Sec 42 of the Companies Act, 2013 and Rule 14(2) (a) of the Companies (Prospectus & Allotment of Securities) Rules, 2014, which states that a company shall not make a private placement of its securities unless the proposed offer of securities or invitation to subscribe securities has been previously approved by the shareholders of the company, by a Special Resolution, for each of the Offers or Invitations. Second Proviso to Rule 14(2)(a) states that in case of offer or invitation for non-convertible debentures, it shall be sufficient if the company passes a previous special resolution once in a year for all the offers or invitation for such debentures to be made during the year.

Pursuant to Sec 71 and Sec 42 (2) read with Rule 14 of the Companies (Prospectus & Allotment of Securities) Rules, 2014, approval of the members is sought by way of special resolution to issue and allot redeemable, non-convertible debentures aggregating up to Rs. 1000 Crores, in such tranches and as per the terms to be decided by the Board.

In terms of the provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the relevant disclosures / details are given below:

**a) Particulars of the offer including date of passing of board resolution; and**

Issue of Secured or unsecured redeemable Non-Convertible Debentures ("NCDs") on private placement basis for an amount not exceeding Rs. 1000 Cr. (Rupees Thousand Crores Only).

Date of Passing Board Resolution: 31st July 2018.

**b) Kinds of Securities offered and the price at which security is being offered**

Issue of Secured or unsecured redeemable Non-Convertible Debentures ("NCDs"), in one or more series/tranches, denominated in Indian rupees or in any foreign currency on private placement basis for an amount not exceeding Rs. 1000 Cr. (Rupees Thousand Crores Only), at a price to be decided by the Board from time to time.

**c) Basis or justification for the price (including premium, if any) at which the offer or invitation is being made:**

Not applicable

**d) Name and address of valuer who performed valuation: Not applicable****e) Amount which the Company intends to raise by way of such securities:**

By this issue of Redeemable Non-Convertible Debentures ("NCDs"), Company proposes to raise Rs.1000 Cr. (Rupees Thousand Crores Only).

**f) Material terms of raising such securities: Not Applicable**

**Proposed time schedule:** Within one year from the date of passing the Special Resolution

**Purposes or objects of offer:** Not Applicable

**Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects:** Nil

**Principle terms of assets charged as securities:** Against Book debts of the Company in the case of secured debentures or as decided by the Board from time to time.

The Board recommends passing of the resolution set out at Item No. 12 as a Special resolution.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolution at Item No. 12.

**ADDITIONAL INFORMATION OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING AS PER SECRETARIAL STANDARD ON GENERAL MEETINGS (SS-2)**

Name of Directors	Mr. K R Bijimon	Dr. Kalpanaa Sankar	Mr. Vadakkakara Antony George	Mr. Ananthanarayanan Subramanian
DIN	00023071	01926545	01493737	01777552
Category	Non-Executive	Executive	Non-Executive	Non-Executive
Designation	Investor Nominee Director	Managing Director	Independent Director	Independent Director
Date of Birth (Age)	25/05/1970) (48)	07/03/1964 (54)	15/09/1949 (68)	03/06/1949 (69)
Date of First Appointment on the Board	27/06/2016	11/02/2009	NA	20/12/2013
Qualification	A Fellow Member of the Institute of Chartered Accountants of India he holds a Bachelor's Degree in Law (LLB), a Bachelor's Degree in Science (BSc) and a Master's Degree in Business Administration (MBA). A Certified Associate of the Indian Institute of Bankers (CAIIB) and a Fellow Member of Certified Management Accountants (FCMA), Institute of Sri Lanka.	She is a double doctorate in Physical Sciences and in Women's Studies and Self-Help Groups. She has guided interns from Stanford University, Stockholm School of Economics and students from Indian universities on micro finance. She was the first recipient of a scholarship to pursue an Executive MBA from TRIUM, an alliance among NYU Stern School of Business, London School of Economics and Political Science and HEC School of Management, Paris and graduated in September 2012	BE (Mechanical), PGDM, CAIIB, ITP (Kellogg), INSEAD IDP-C.	BSC, CAIIB (Certified Associate of Indian Institute of Bankers)

Name of Directors	Mr. K R Bijimon	Dr. Kalpanaa Sankar	Mr. Vadakkakara Antony George	Mr. Ananthanarayanan Subramanian
Experience	<p>He is the Chief General Manager of Muthoot Group and oversees credit and operations of zonal offices, internal audit, marketing, IT and vigilance divisions of the Company. He is also the Chief Operating Officer for the global operations of Muthoot Group (USA, UK, UAE, Hong Kong, Singapore and Sri Lanka)</p> <p>Has over 18 years of experience in the field of financial services and is employed in the Muthoot Group since inception.</p>	<p>She has been involved in the women's self-help group movement in Tamil Nadu for the more than 25 years. She was a Consultant with the Government of South Africa and has supported microfinance and poverty reduction programmes in Afghanistan and Brazil. She was working as Key Person in Tamil Nadu Women Development Corporation, Govt. Of Tamil Nadu. Also, she is the Managing Trustee of Hand in Hand India.</p>	<p>He has Four decades experience in the corporate world, both Public and Private Sectors. He is an Adjunct faculty at Loyola Institute of Business Administration, Chennai and Visiting faculty at Rajagiri Centre for Business Studies, Kochi and was also visiting faculty at XLRI, Jamshedpur; Xavier Institute of Management, Mumbai and Reserve Bank Staff College, Chennai.</p>	<p>Mr. A. Subramanian is a former Executive Director of Indian Bank. Before elevation as Executive Director, he was General Manager in Oriental Bank of Commerce in charge of Treasury, Balance Sheet &amp; Taxation, International banking, Investor relations and HR. He has four decades of banking experience both in administrative office and the field, in all facets of banking and also visited many foreign countries for attending various seminars and meeting investors of the bank. While in service he was an active member of Accounts and Taxation committee of Indian Banks Association since 2004.</p>
Shareholdings in the Company as on 31/03/2018	Nil	4,02,674	Nil	Nil
No of meeting of the Board attended during FY 2017-18	Seven	Six	Not Applicable	Seven

Name of Directors	Mr. K R Bijimon	Dr. Kalpanaa Sankar	Mr. Vadakkakara Antony George	Mr. Ananthanarayanan Subramanian
Directorships held in other Companies as on 31/03/2018	1.Muthoot Forex Ltd 2.Muthoot Securities Ltd 3.Muthoot Commodities Ltd 4.Backdrop Advertising Private Ltd 5.MJBR Marketing and Financial Services Private Ltd 6.Muthoot Homefin (India) Limited 7.Muthoot Royalex Forex Services Private Ltd	1. Hand in Hand Consulting Services Private Limited 2.Hand in Hand Inclusive Development and Services	1.Thejo Engineering Limited 2.Ghatfresh Private Limited	Nil
Particulars of Committee Chairmanship /Membership held in other Companies	Nil	Nil	Nil	Nil
Relationship with other Directors / KMP of the Company	Nil	Nil	Nil	Nil



Name of Directors	Mr. K R Bijimon	Dr. Kalpanaa Sankar	Mr. Vadakkakara Antony George	Mr. Ananthanarayanan Subramanian
Terms and Conditions of appointment / re-appointment	In terms of Section 152(6) of the Act, he was re-appointed as a Director at the 28th Annual General Meeting held on September 27, 2016 is liable to retire by rotation at the Meeting.	As per the resolution at item no. 8 of the Notice convening this Meeting read with explanatory statement thereto the re-appointment is proposed for period of five years with effect from April 01, 2019 to March 31, 2024	As per the resolution at item no. 6 of the Notice convening this Meeting read with explanatory statement thereto the appointment is proposed for period of five years from August 18, 2018 to August 17, 2023 and he shall not liable to retire by rotation during the said tenor	As per the resolution at item no.9 of the Notice convening this Meeting read with explanatory statement thereto the reappointment is proposed for period of five years from December 20, 2018 to December 19, 2023 and he shall not liable to retire by rotation during the said tenor.
Remuneration sought to be paid	Sitting fees for attending per meeting of Board / Committees as may be decided by the Board, subject to the ceiling prescribed from time to time, under Companies Act 2013 and Rules thereunder.	Rs. 90,21,600/- p.a. (Including Employer contribution toward Provident Fund Plus Performance incentive of 2% on PAT in excess of 15% of ROE (based on average Net worth) subject to a maximum of two months' salary	Sitting fees for attending per meeting of Board / Committees as may be decided by the Board, subject to the ceiling prescribed from time to time, under Companies Act 2013 and Rules thereunder.	Sitting fees for attending per meeting of Board / Committees as may be decided by the Board, subject to the ceiling prescribed from time to time, under Companies Act 2013 and Rules thereunder.
Remuneration drawn during FY: 2017-2018	Rs.3,60,000/- (As towards Sitting Fees)	Rs.72,91,600/-	Nil	Rs.8,40,000/- (As towards Sitting Fees)

## ATTENDANCE SLIP

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

U06599TN1988PTC081652

Regd Office: New No 33, Old No 14, 48th Street ,9th Avenue, Ashok Nagar, Chennai,

India - 600083. Phone No:+91-44-43414567 Email:bifpl@belstar.in

Web site: www.belstar.in

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING

DP ID : \_\_\_\_\_

Folio / Client ID : \_\_\_\_\_

No of shares held : \_\_\_\_\_

Name and address of the shareholder/Proxy

I hereby record my presence at the 30th Annual General Meeting of the Company held on August 18th, 2018 at 2.00 p.m. at New No.33, Old 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai, Tamil Nadu – 600083

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

# PROXY FORM

## Form No. MGT-11

[Pursuant to section 105 (6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014

**BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED**

Registered office: New No.33, Old no.14, 48th Street, 9th Avenue, Ashok Nagar, Chennai,

Tamil Nadu, India - 600083,

Phone: +91-44-43414567, Email: bifpl@belstar.in, Web site: www.belstar.in

CIN: U06599TN1988PTC081652

Name of the Member(s) :

Registered Address :

E-mail Id :

Folio No/ Client Id :

DPID :

I/We, ..... being the member(s), holding

.....shares of the above-named company, hereby appoint:

1. Name: .....

Address:.....

E-mail Id:.....

Signature:....., or failing him/her

1. Name: .....

Address:.....

E-mail Id:.....

Signature:....., or failing him/her

1. Name: .....

Address:.....

E-mail Id:.....

Signature:....., or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held on August 18th, 2018 at 2.00 p.m. at New No.33, Old No 14, 48th Street, 9th Avenue, Ashok Nagar Chennai-600083 and at any adjournment(s) thereof, in respect of the resolutions, as are indicated below:

I/We direct my/our Proxy to vote on the Resolutions in the manner as indicated below:

Sr. No	Resolution	For	Against	Abstain
1	Receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March 2018, the Auditor's Report and Board's Report thereon			
2	Appointment of a Director in place of Mr. K R Bijimon (having DIN: 00023071) who retires by rotation and is being eligible, offers himself for re-appointment			
3	Ratification of appointment of M/s. N. Sankaran & Co., Chartered Accountants, Chennai (having Firm Reg. No. 003590S) as Statutory Auditors of the Company and fixing their remuneration			
4	Issue of Equity Shares on Preferential Basis			
5	Adoption Of The Restated Articles Of Association Of The Company			
6	Appointment of Mr. Vadakkakara Antony George (V A GEORGE) As An Independent Director Of The Company			
7	Revision in remuneration of Dr. (Mrs.) Kalpanaa Sankar (DIN: 01926545), Managing Director of the Company			
8	Reappointment of Dr. (Mrs.) Kalpanaa Sankar (DIN: 01926545) as Managing Director of the Company for a further period of 5 years and fixing her remuneration			
9	Reappointment of Mr. Ananthanarayanan Subramanian (DIN: 01777552) as an Independent Director of the Company			
10	Increase in the Borrowing powers of the Company			
11	Creation of Charge/Mortgage/Hypothecation of properties of the Company			
12	Issuance of Non-Convertible Debenture (NCDs) on private placement basis			

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2018

Affix Re.1  
Revenue  
Stamp

Signature of shareholder /

Authorised Person in case of corporate shareholder

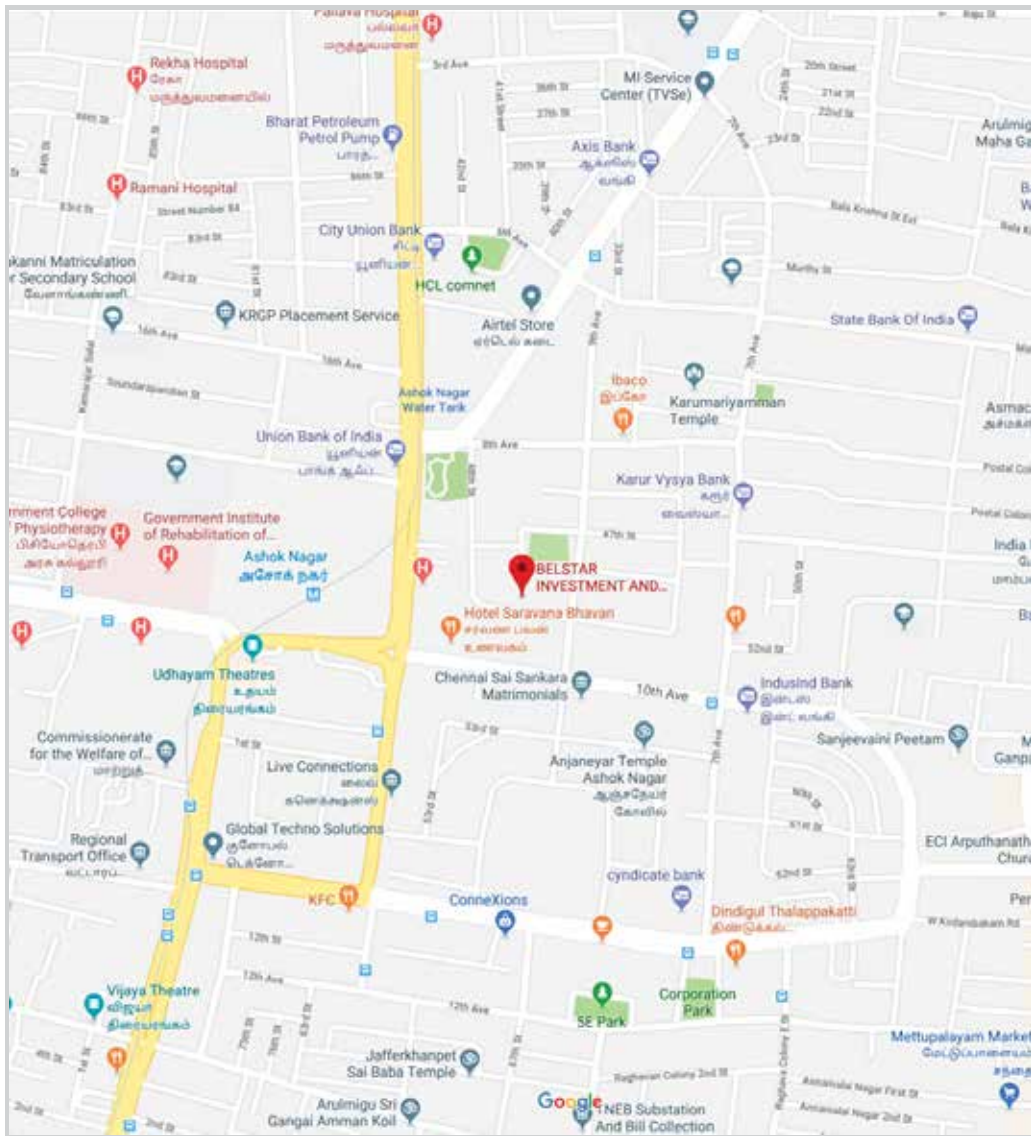
Signature of Proxy holder

**Note:**

1. Please put a "X" in the Box in the appropriate column against the respective resolutions. If you leave the 'Assent' or 'Dissent' column blank against any or all the resolutions, your Proxy will be entitled to vote in manner as he/she think appropriate.
2. This proxy form in order to be effective must be duly completed and deposited at the registered office of the Company not less than 48 hours before commencement of the meeting.

# ROUTE MAP

TO BELSTAR REGISTERED OFFICE





BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

New No.33/Old No.14,  
48th Street, 9th Avenue,  
Ashok Nagar, Chennai,  
Tamil Nadu - 600 083.

Phone No:  
+91-44-43414567

Email: [bifpl@belstar.in](mailto:bifpl@belstar.in)  
Website: <http://belstar.in>