Belstar Investment and Finance Private Limited

Registered Office:
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
Website: http://belstar.in

Corporate Office:
M V Square, No 4/14,
Soundarapandian Street,
Ashok Nagar, Chennai,
Tamil Nadu - 600 083.

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED ANNUAL REPORT 2018 - 19

Belstar

Investment and Finance Private Limited

ANNUAL REPORT 2018 - 19

Belstar
Investment and Finance Private Limited

Annual Report 2018-19

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Statutory Reports

Financial Statements

KEY NUMBERS 2018-19

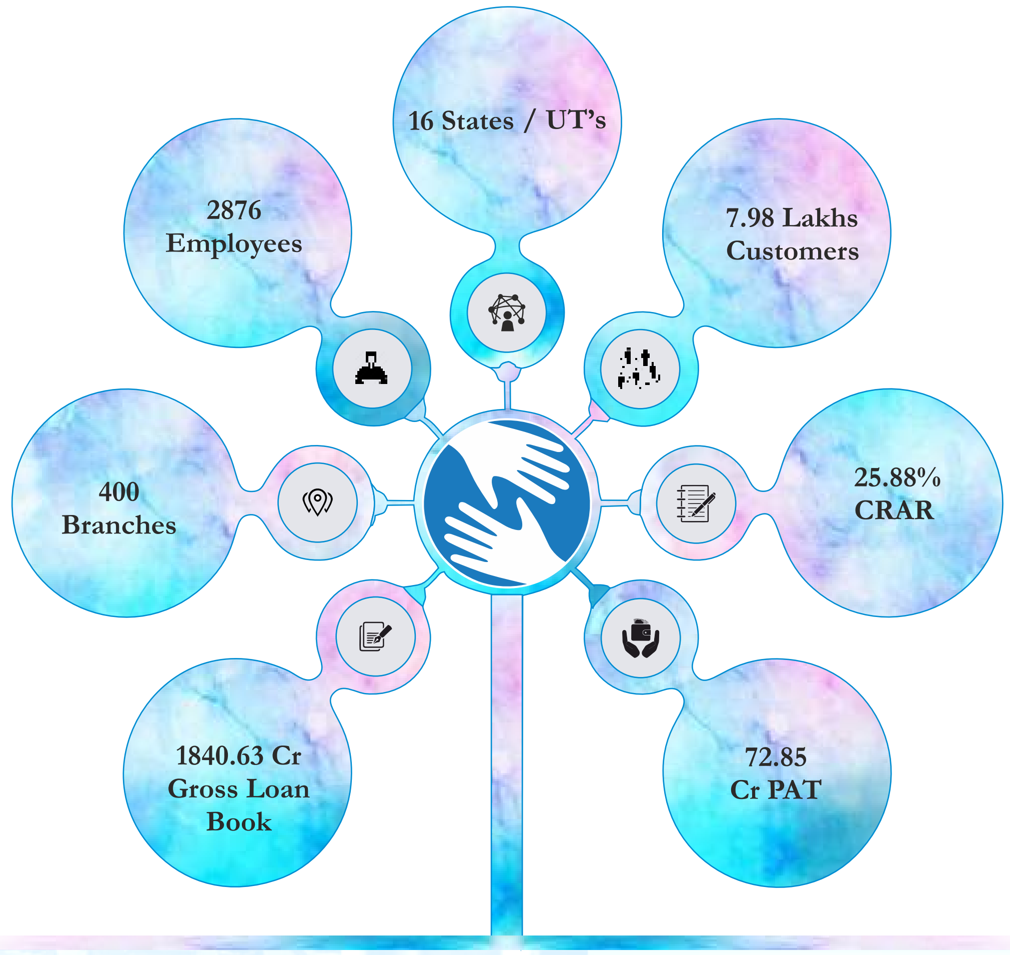
Revenue
₹Lakhs
36,807
72

Loan Assets
₹Lakhs
1,84,063
62

PAT
₹Lakhs
7,285
169

EPS
₹
23.35
101

% increase y-o-y



10 Years and Growing

Belstar Investment and Finance Private Limited

MFI 1 Grading

A+Credit Rating

Belstar Investment and Finance Private Limited has been awarded the highest rated MFI 1 grade from CARE Ratings based on the grading assignment conducted in the month of November, 2018. Belstar retained its long-term credit rating at CARE A+ due to the Company's strong net worth, experienced promoter group and management team, robust AUM growth, and excellent operating and financial performances.

Forward-looking statement

This report and other statements–written and oral–that we periodically make, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate Information

BOARD OF DIRECTORS

- **Dr. Kalpanaa Sankar**, Managing Director
- **Mr. S. Chandrasekar**, Executive Director
- **Mr. K. R. Bijimon**, Investor Director
- **Mr. George Alexander**, Investor Director
- **Mr. George M Jacob**, Investor Director
- **Mr. David Arturo Paradiso**, Investor Director
- **Mr. A. Subramanian**, Independent Director
- **Mr. A. Srinivasan**, Independent Director
- **Mr. V A George**, Independent Director

CHIEF FINANCIAL OFFICER

- Mr. L. Muralidharan

COMPANY SECRETARY

- Mr. Sunil Kumar Sahu

STATUTORY AUDITORS

- N. Sankaran & Co.

INVESTORS

- Muthoot Finance Limited
- Sarvam Financial Inclusion Trust
- Maj Invest Financial Inclusion Fund II K/S
- Hand in Hand Consulting Services Pvt Ltd

BANKERS & FINANCIERS

- Abu Dhabi Commercial Bank
- Andhra Bank
- AU Small Finance Bank
- Axis Bank Ltd
- Bajaj Finance Limited
- Bandhan Bank Ltd
- Bank of Bahrain & Kuwait B.S.C
- Bank of Baroda
- Bank of India
- Canara bank
- Catholic Syrian Bank
- Dena Bank
- Dhanlaxmi Bank
- Equitas Small Finance Bank
- Hinduja Leyland Finance Ltd
- ICICI Bank Ltd

BANKERS & FINANCIERS

- IDBI Bank Ltd
- IDFC Bank Ltd
- Indian Bank
- Karnataka Bank
- Kotak Mahindra Bank Ltd
- Lakshmi Vilas bank
- Mahindra and Mahindra Finance Service Ltd
- Mas Financial Services Limited
- Micro Units Development & Refinance
- Agency Limited
- Nabkisan Finance Limited
- Northern Arc Capital Ltd
- Oriental Bank of Commerce
- Pallavan Grama Bank
- Puduvai Bharathiar Grama Bank
- RBL Bank Ltd
- Small Industries Development Bank of India
- South Indian Bank
- Standard Chartered Bank
- State Bank of India
- State Bank of Mauritius
- Sumitomo Mitsui Banking Corporation
- Syndicate Bank
- UCO Bank
- Union Bank India
- United Bank of India
- Vijaya Bank
- Woori Bank
- Yes Bank Ltd

CREDIT BUREAU

- CRIF Highmark
- Equifax
- Experian
- CIBIL

ASSOCIATES

- MFIN
- AKMI
- KAMFI

DEBENTURE TRUSTEES

- IDBI Trusteeship Services Limited
- Vistra ITCL (India) Limited
- Beacon Trusteeship Limited

Vision & Mission

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

Goal

To provide financial inclusion to micro entrepreneurs

Values

Integrity, Professionalism, Accountability, Transparency, Team Work

A MILLION **JOBS**

A MILLION **SMILES**

Awards and Recognitions

Dr. Kalpanaa Sankar, Managing Director received the Princess Sabika Bint Il Ibrahim Prize for Women Empowerment under the Individual Champions Category. Also known as the Global Award for Women Empowerment, this award was given in partnership with the Kingdom of Bahrain and UN Women at the United Nations Headquarters, New York in March 2019.

Princess Sabeeka Bint Ibrahim AI-Khalifa Global Award for Women Empowerment – Individual Champions Category Winner – Kalpanaa Sankar, Republic of India


The Kingdom of Bahrain (Supreme Council for Women), upon recommendation of the Award International Jury, are proud to present

Princess Sabeeka Bint Ibrahim Al-Khalifa Global Award for Women Empowermen

Individuals Champions Category Winner

Kalpana Sankar

Republic of India

Princess Sabeeka Bint Ibrahim Al-Khalifa
Wife of The King of Bahrain
President of the Supreme Council for Women

Dr. Phumzile Mlambo-Ngcuka
United Nations Under-Secretary-General and Executive Director of UN Women
Chair of the Award International Jury Committee

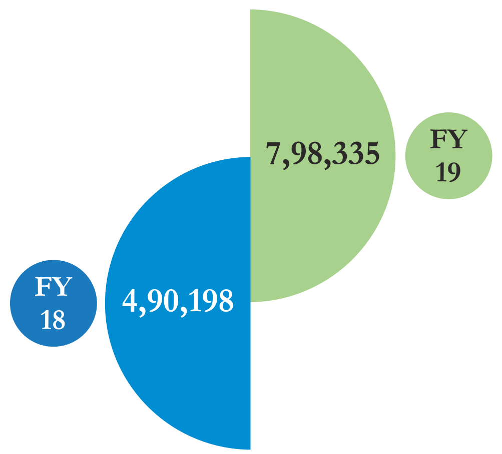
March 2019 UNHQ - New York

Pradhan Mantri Bal Kalyan Puraskar 2019 from Hon'ble President of India and Ministry of Women & Child

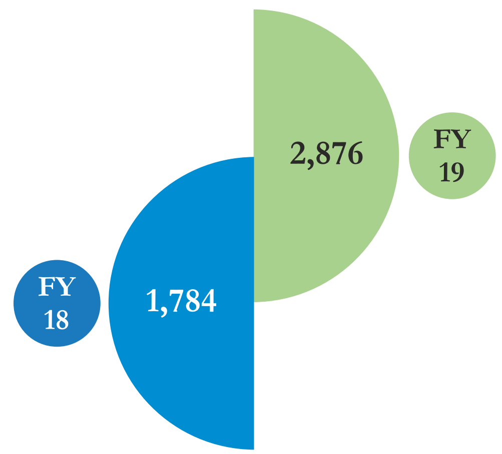
Competitive Advantage

Corporate Highlights

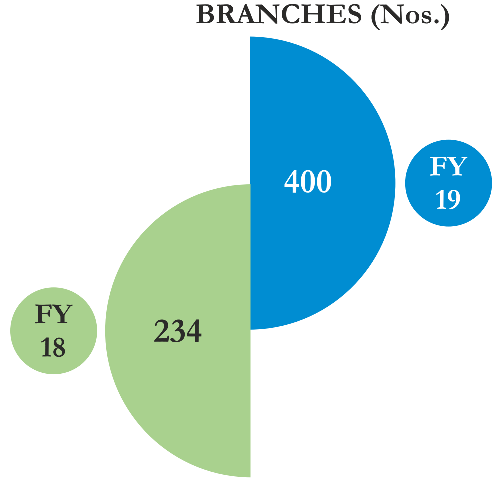
CUSTOMER ACCOUNT (Nos.)



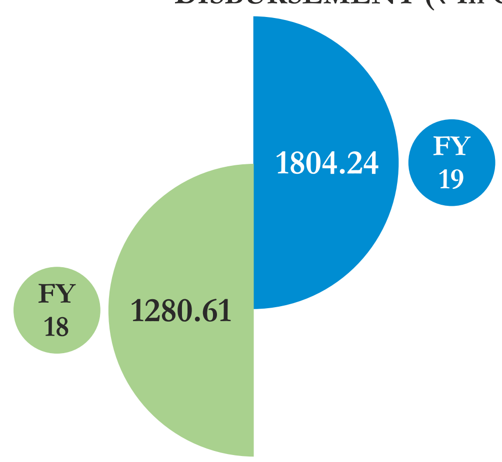
EMPLOYEES (Nos.)



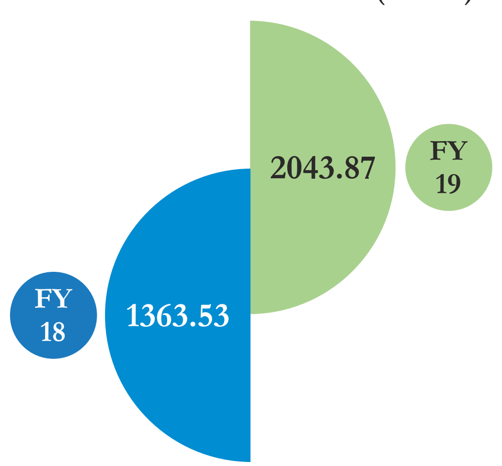
BRANCHES (Nos.)



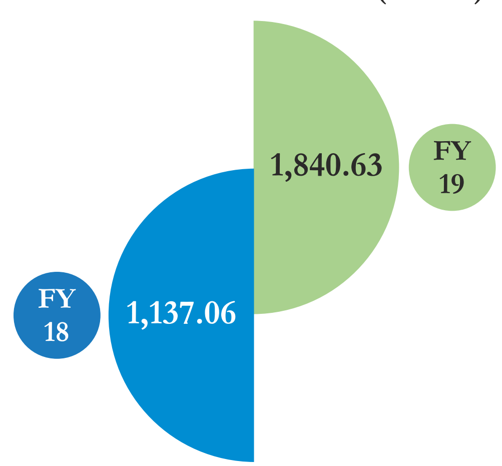
DISBURSEMENT (₹ In Cr)



BALANCE SHEET SIZE (₹ In Cr)

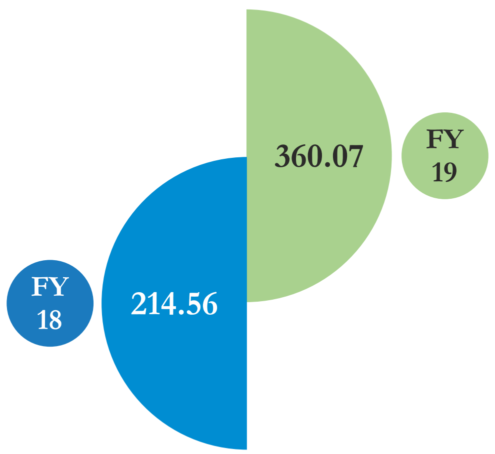


LOAN ASSETS (₹ In Cr)

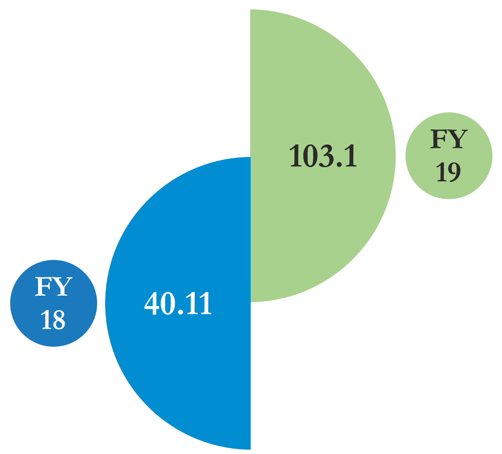


Financial Highlights

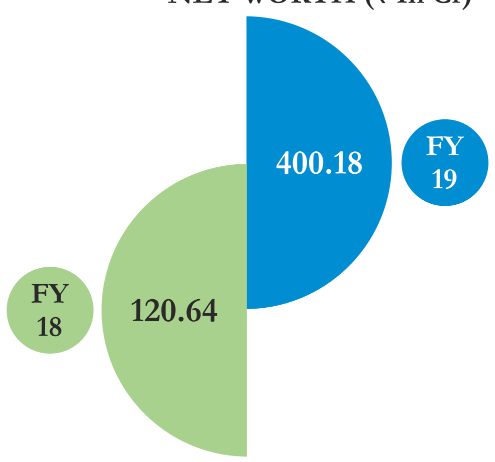
TOTAL REVENUE (₹ In Cr)



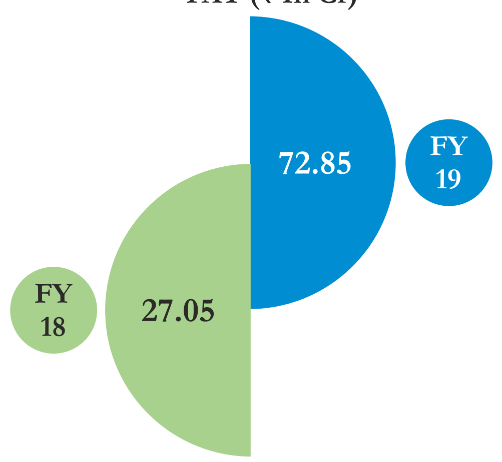
PBT (₹ In Cr)



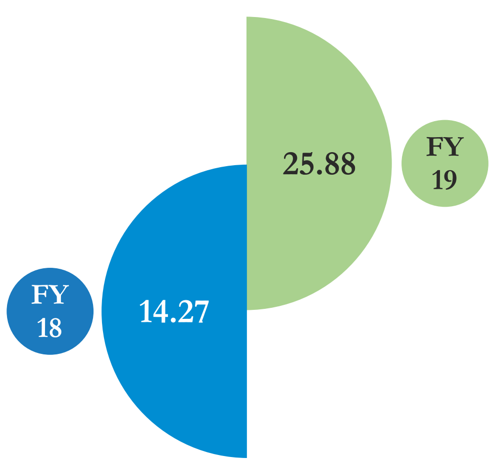
NET WORTH (₹ In Cr)



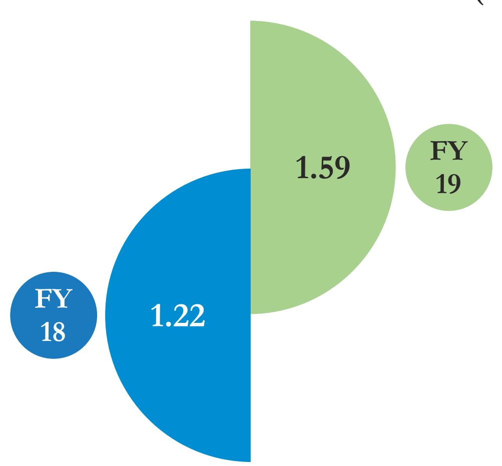
PAT (₹ In Cr)



CRAR (In %)



EXPECTED CREDIT LOSS (In %)



Geographical Outreach in India

Portfolio Amt is ₹ In Cr

BIHAR	
SHG Branches	-
JLG Branches	-
Total	-
SHG Portfolio	-
JLG Portfolio	-
SP Portfolio	-
DA Portfolio	16.71
Total	16.71

CHHATTISGARH	
SHG Branches	-
JLG Branches	18
Total	18
SHG Portfolio	-
JLG Portfolio	26.12
SP Portfolio	-
DA Portfolio	1.19
Total	27.30

GUJARAT	
SHG Branches	-
JLG Branches	20
Total	20
SHG Portfolio	-
JLG Portfolio	51.23
SP Portfolio	-
DA Portfolio	50.52
Total	101.75

HARYANA	
SHG Branches	-
JLG Branches	1
Total	-
SHG Portfolio	-
JLG Portfolio	1
SP Portfolio	0.09
DA Portfolio	0.64
Total	0.73

JHARKHAND	
SHG Branches	-
JLG Branches	-
Total	-
SHG Portfolio	-
JLG Portfolio	-
SP Portfolio	-
DA Portfolio	1.79
Total	1.79

KARNATAKA	
SHG Branches	15
JLG Branches	28
Total	43
SHG Portfolio	64.13
JLG Portfolio	55.31
SP Portfolio	0.97
DA Portfolio	17.18
Total	137.59

KERALA	
SHG Branches	-
JLG Branches	31
Total	31
SHG Portfolio	-
JLG Portfolio	85.79
SP Portfolio	-
DA Portfolio	5.62
Total	91.41

MADHYA PRADESH	
SHG Branches	10
JLG Branches	18
Total	28
SHG Portfolio	58.96
JLG Portfolio	62.61
SP Portfolio	-
DA Portfolio	14.87
Total	136.45

MAHARASHTRA	
SHG Branches	-
JLG Branches	22
Total	22
SHG Portfolio	-
JLG Portfolio	92.03
SP Portfolio	-
DA Portfolio	8.17
Total	100.20

ODISHA	
SHG Branches	04
JLG Branches	08
Total	12
SHG Portfolio	12.37
JLG Portfolio	13.75
SP Portfolio	-
DA Portfolio	1.53
Total	27.65

PUDUCHERRY	
SHG Branches	05
JLG Branches	-
Total	05
SHG Portfolio	34.80
JLG Portfolio	-
SP Portfolio	-
DA Portfolio	-
Total	34.80

PUNJAB	
SHG Branches	-
JLG Branches	2
Total	2
SHG Portfolio	-
JLG Portfolio	-
SP Portfolio	3.56
DA Portfolio	0.75
Total	4.31

RAJASTHAN	
SHG Branches	-
JLG Branches	20
Total	20
SHG Portfolio	-
JLG Portfolio	25.27
SP Portfolio	-
DA Portfolio	21.05
Total	46.32

TAMIL NADU	
SHG Branches	184
JLG Branches	-
Total	184
SHG Portfolio	1,027.90
JLG Portfolio	-
SP Portfolio	20.40
DA Portfolio	35.45
Total	1,083.75

UTTARKHAND	
SHG Branches	-
JLG Branches	-
Total	-
SHG Portfolio	-
JLG Portfolio	-
SP Portfolio	-
DA Portfolio	0.21
Total	0.21

UTTARPRADESH	
SHG Branches	-
JLG Branches	14
Total	14
SHG Portfolio	-
JLG Portfolio	-
SP Portfolio	10.93
DA Portfolio	18.72
Total	29.65

Message from the Managing Director

As I walked out of the short course in microfinance conducted by the Boulder Institute in Turin in late 2007, I knew I had to make some changes to ensure sustainability of Hand in Hand India. In 2008, along with my family, I acquired Belstar Investment and Finance Pvt Ltd for sustainability of the microfinance initiatives of Hand in Hand India. Over the last 10 years, Belstar has successfully transformed into a NBFC MFI with support from various stakeholders. The company has been a subsidiary of Muthoot Finance Ltd since 2016.

The year 2018-19 was an exciting one for Belstar. Our Asset Under Management (AUM) has witnessed a 62% growth from ₹1137 crore at the end of March 2018 to ₹ 1840 crore as of March 2019. Entering Gujarat and Rajasthan, Belstar is operational in 16 states pan-India with 400 branches. Addition of 36 service provider branches has contributed to the AUM. Our PBT has gone up 157 % from ₹40.11 crore to ₹103.10 crore and PAT has gone up 169% from ₹27.04 crore to ₹72.85 crore. The Company's employee headcount has increased from 1784 to 2876.

The finance and accounts team has successfully migrated from GAAP to INDAS and is to focus on core banking, better treasury management, prudential financial management to avoid excess expenditure and on raising funds at a competitive price leveraging on Muthoot's parentage. During the last year, Belstar Pvt Ltd's risk and internal audit functions have been segregated with internal audit focusing on compliances and lapses and risk focusing on externalities and loan utilization.

Mobile tablets for collecting data from clients has been rolled across all branches leading to better data accuracy at the time of on boarding. We plan to add GPS services to ensure better field level monitoring. The credit plus initiatives assist the operations in building customer connect and also help in reducing the OD, PAR in high risk branches.

The year has been one of growth and transformation across the organization with social consciousness The Credit Officers and Regional Managers are trained for sourcing good clients in a heated environment and will be incentivized for good performance. Credit Managers are re-designated as credit executives focusing on PAR above 30 days ensuring that this is under check.

We wish to thank MD Muthoot for his funding support, strategic guidance and inputs. We thank our Chairman Mr A Subramaniam for his unbiased opinion on crucial matters and guiding the company to be compliant. We thank our esteemed Board of Directors for their rich and valuable insights, mid-course corrective action and continued support which has helped in the performance during 18-19. I wish to thank all my senior colleagues and staff who have been responsible for this exceptional performance.

The next year looks promising for Belstar. The Centralised Operations Centre will be modified for the purpose of tele calling, data analytics, random sampling and follow up with customers for additional loan products. Information Technology will focus on analytics, automation and exceptional reports to support strategic management decisions and increase productivity.

Kalpana Sankar

Dr. Kalpanaa Sankar

Board of Directors

Dr. Kalpanaa Sankar, Managing Director

Dr. Kalpanaa Sankar has been involved in the self-help group movement for 21 years and has specialized in participatory assessment, gender differentiated impact and monitoring tools. She was the Monitoring and Evaluation Officer for IFAD and was Consultant with UNOPS, UNDP, Christian Aid and Wetlands International. She has also been Consultant with the South African government and supported poverty reduction, job creation and microfinance programmes in Afghanistan and Brazil. Dr.Kalpanaa Sankar has authored publications on child labour, microfinance and self-help groups. She is the co-founder and Managing Trustee of Hand in Hand India.

Dr. Kalpanaa Sankar has an Executive MBA from TRIUM, where she was the first recipient of a scholarship to pursue the programme. TRIUM is an alliance among NYU Stern School of Business, London School of Economics and Political Science and HEC School of Management, Paris.

Dr. Kalpanaa Sankar is the recipient of the "Princess Sabeeka Bint Ibrahim AI- Khalifa Global Award for Women Empowerment under the Individuals Champions category", an award given in partnership with the Kingdom of Bahrain and UN Women in New York in 2019. She has also received the "Nari Shakti Puraskar-2016" for the contribution to the empowerment of vulnerable and marginalized women from the Hon'ble President of India and Ministry of Women & Child. Under her leadership, her organization, Hand in Hand India has won the 'Pradhan Mantri Bal Kalyan Puraskar' for its dedicated work towards child welfare and education.

S. Chandrasekar, Executive Director
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. 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.

George 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.

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.

David Arturo Paradiso, Investor Director
David Paradiso has over 13 years of international experience managing finance operations, private equity and venture capital in the US and Latin America at Ernst & Young, Dell Corporation, start-ups and NGOs. Currently leads Maj Invest's India office managing investments in the Financial Inclusion sector. David holds an MBA focused on finance, international business and private equity from Brigham Young University (US) and Strategic Leadership on Inclusive Finance from Harvard University.

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.

V A George, Independent Director
Mr V A George has more than 4 decades experience in the corporate world, both Public and Private Sectors. Was the past Chairman of Equipment Leasing Association of India. Was also a Member of the Advisory Committee of Reserve Bank of India.
Alumni of IMD Lausanne and INSEAD France, Mr George has participated in the Management Programmes of Business Schools of Harvard and Stanford. Took part in the International Teachers' Programme at Kellogg School of Management, Chicago. Attended the Advanced Case Method Workshop conducted by ECCH, UK. An Adjunct faculty at Loyola Institute of Business Administration, Chennai and Rajagiri Business School, Kochi. Was also a visiting faculty at XLRI, Jamshedpur; Xavier Institute of Management, Mumbai and Reserve Bank Staff College, Chennai.
A member of the Board of Studies of a number of Colleges, including Stella Maris, Chennai and Loyola Institute of Business Administration, Chennai. Currently, Mr George is the Managing Director of Thejo Engineering Limited, Chennai. He is also the Chairman of Knowledge Xchange, a non-profit educational institution which conducts seminars, workshops etc. in the area of teaching/learning.
Educational Qualification – BE (Mechanical), PGDM, CAIIB, ITP (Kellogg), INSEAD IDP-C.

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.

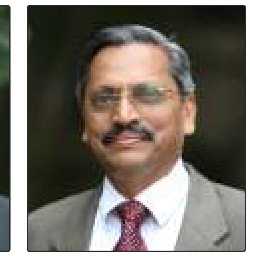
Management Leaders

Dr Kalpanaa Sankar
Managing Director

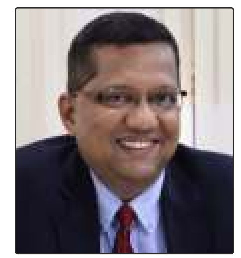
S. Chandrasekar
Executive Director

K B Balakumaran
Business Head

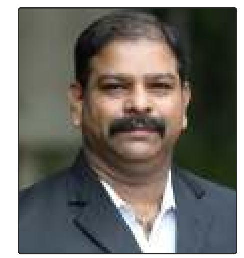
L Muralidharan
Chief Financial Officer



Banabihari Panda
Chief Risk Officer



V N Narayanan
Head Risk

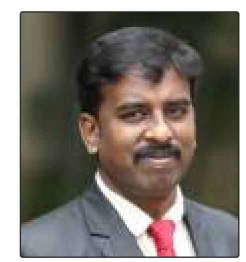


G. Parthasarathy
Chief Audit and Legal Officer

S. Siddarth
Head JLG

Sunil Kumar Sahu
Company Secretary

T.A. Vinoth
Deputy CFO



R Suresh Babu
Deputy CTO

C. Meenakshisundaram
GM Credit & Operations

Arpan Sahni
Head BC & Strategist

D.S. Chakravarthi
GM Internal Audit

Investors Profile

Muthoot Finance

Muthoot Finance Limited ("the Company") was incorporated as a private limited Company on 14th March, 1997 and was converted into a public limited Company on November 18, 2008. The Company is promoted by Mr. M. G. George Muthoot, Mr. George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot collectively operating under the brand name of "The Muthoot Group", which has diversified interests in the fields of Financial Services, Healthcare, Education, Plantations, Real Estate, Foreign Exchange, Information Technology, Insurance Distribution, Hospitality etc. The Company obtained permission from the Reserve Bank of India for carrying on the business of Non-Banking Financial Institutions on 13-11-2001 vide Regn No. N 16.00167. The Company is presently classified as Systemically Important Non-Deposit Taking NBFC (NBFC-ND-SI). The Registered Office of the Company is at 2nd Floor, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Kochi - 682 018, India.

Sarvam Financial Inclusion Trust

Being the apex body of all Mutual Benefit Trusts (MBTs), Sarvam Financial Inclusion Trust (SFIT) has pooled resources from all MBTs and has invested in the equity of BIFPL. SFIT has adequate corporate governance and an independent Board of Trustees with representation from SHGs.

MAJ INVEST

Maj Invest is a Danish asset management company with USD 11.0 billion under management, of which USD 1.0 billion are private equity assets (private equity commitments of a total of USD 2 billion). Maj Invest is a spin-off from a Danish pension fund and was founded in 2005 as an independent asset manager. Maj Invest has been managing international private equity funds since 2009. HQ in Copenhagen with representation in Lima, London, Ho Chi Minh City, Jakarta and Mumbai. More than 100 large institutional clients and 38,000 private investors. Maj Invest Mutual Fund was launched in 2005 and is one of the highest rated in Europe by Morningstar TM ratings. Approximately 100 highly skilled specialists in four areas(a). International Private Equity (b)Asset Management (c)Danish private Equity and (d) Private saving bank Maj Invest Financial Inclusion strategy focuses on investing directly in the top tier financial inclusion institutions providing financial products and services to client group below the middle class in Latin America, Asia and Africa. Currently there are two funds in operational stage:

- Danish Microfinance Partners K/S
- Maj Invest Financial Inclusion Fund II K/S

Hand in Hand Consulting Services Private Limited

Hand in Hand Consulting Services Private Limited (HIHCSPL) is the Consultancy arm of Hand in Hand India. It is a company incorporated under the Companies Act 1956, with its registered office at Kancheepuram, Tamil Nadu, India.

Key Milestones: Achievements in Ten Years

10 Years and Growing — Belstar Investment and Finance Private Limited

Year 1
- Acquisition of Company by Dr Kalpanaa Sankar to provide affordable credit to economically weaker section

Year 2
- Commecment of Lending Operations to Self Help Group (SHG)

Year 3
- Equity Investment into the Company by Foreign Investors- IFC, NMI, SwedFund, Avaishkar

Year 4
- Reclassified as NBFC-MFI by RBI

Year 5
- Began JLG lending operation in Northern part of India
- Staff strength crossed 1000

Year 6
- Strategic Investment by Muthoot Finance Ltd India as leading Gold House Showing the confidence of them into the Microfinance sector
- Operations of the company expanded to the news states of Chhattisgarh, Odisha and Kerala

Year 7
- Won the best MFI award in the Medium Size category from Access
- NCD's listed on Bombay Stock Exchange

Year 8
- Ensured the NPA levels were lower in the Company during demonetisation times due to strong client connect
- Crossed 500 Cr Loan book and become a systemically important MFI

Year 9
- Completed Series C Equity Raise On boarded one more PE fund as equity Investor
- Muthoot increased its stake to ~67% from ~19.5%
- Achieved another milestone having crossed 1000 Cr Loan book

Year 10
- Renamed JLG as Pragati Loans under the aegis of CSK
- Adopted Ind AS with effect from April 2018 and corresponding figures for previous year have been restated

Industry Environment and Belstar

The Microfinance Industry

Microfinance in India started in the late 1980s in response to the gap in availability of formal sources of credit and lending to the underserved and low income population. Most of the institutions that forayed into the sector were from the social sector and hence the legal entities comprised Trust, Societies or Section 25 Companies. As the industry continued to grow, the non-profit form became a limiting factor in making these institutions sustainable and scalable. Based on the recommendations of the Malegam Committee January 2011, RBI created a new subset under the Non-Banking Finance Companies (NBFCs) for institutions specialising in microfinance and called them NBFCMFIs.

In the decade leading up to 2009, the NBFC-MFI model proved itself to be viable and a sustainable means of providing access to finance to meet the requirements of low-income households. NBFC-MFIs have been playing a significant role in taking forward the financial inclusion vision of the Government of India. What sets the NBFC-MFIs apart is the fact that they do not depend on grants or subsidies to provide unsecured loans to people with low incomes and with negligible access to the banking system. The industry has used market-oriented solutions that encourage self-reliance and entrepreneurship amongst its clients. As on 31st March 2019, NBFC-MFIs provided credit to over 3.17 Cr. clients pan India, with a total lending more than Rs. 68,207 Cr, which is 42% yoy growth. *(Source MFIN Annual Report)*

Belstar Investment and Finance Pvt Ltd.

In 2018-19, Belstar's growth is evident in its portfolio quality and quantity and its geographical spread. We now operate in 16 states across India with 400 branches, a 39% increase from last year. In 5 of these states, we deliver our services through existing service providers in the region. We cater to the needs of 7.98 Lakh people, with 54% of them instilling their confidence and trust in our services, by taking repeat loans. We have disbursed a total of 607,099 loans, an increase of 41% from the last year. We have taken steps to significantly diversify our portfolio as well. Previously concentrated solely in Tamil Nadu at 76%, our presence has been brought down to 59% through introducing the Joint Liability Group (JLG) model to several other states. In terms of model wise concentration, SHG continued to lead at 68%, down from previously 88%, keeping in line with industry trends of increasing JLGs. Our Portfolio At Risk (PAR 30) is at 1.40% compared to the industry PAR of 1.73%

Belstar's unique Credit Plus model has proven to be a winning strategy. Careful customer selection along with skill-building, has ensured a sustainable and efficient business environment. With transformations and increased competition in the Microfinance Industry, challenges in the collection of repayment from clients, the system of Branch Based Collections and the introduction of pre-collection meetings, to increase engagement and understanding of client-side requirements, has worked very well for us. In order to encourage small businesses and entrepreneurs, we introduced the Business Enhancement Loan, specifically targeted at enterprise development.

Our focus on client welfare continues to be a priority with the introduction of mandatory spousal insurance to assist our clients and their families in tiding over emergencies. The skills training initiatives focus on a variety of skills, enabling our clients to create a stable source of income through small enterprises. We further encourage their enterprises through a holistic mix of product offerings that ensure growth and profitability.

This past year has seen new heights scaled and new milestones set. With our growing mix of products and expanding reach, Belstar is on track for another successful year of bringing finance to women, truly embracing in our goal of financial inclusion.

NBFC-MFI Sector & Belstar Comparison

NBFC-MFI FY 17-18	NBFC-MFI FY 18-19	NBFC-MFI YoY Change %		BELSTAR FY 17-18	BELSTAR FY 18-19	BELSTAR YoY Change %
2.53Cr	3.17Cr	25	No.of Active Borrowers	4.90Lakhs	7.98Lakhs	63
59629	82928	39	Total Disbursment (In Cr)	1281	1804	41
30	33	10	No.of States Covered	08	16	100
10077	12277	22	No. of Branches	234	400	71
82004	104973	28	Total Staff	1784	2876	61
48094	68207	42	AUM (In Cr)	1137	1841	62
2511	2582	3	Active Borrowers / Branch	2095	1995	-05
4.77	5.56	17	Loan Outstanding / Branch (in Cr)	4.86	4.60	-05
19009	21516	13	Average Loan Outstanding (In ₹)	23205	23070	-01

(Source MFIN Annual Report)

Products and Services

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 is given for other purposes.

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.

With the objective to compensate for loss of income due to medical emergency hospitalisation, we are offering "Hospicash", an operational insurance product to our clients.

OFFERINGS

Microfinance Loan

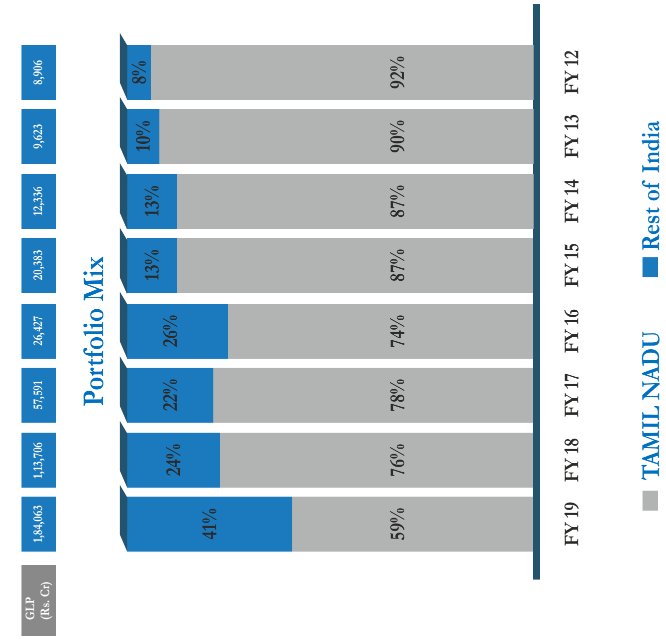
Consumer Goods Loan

Small Medium Enterprise Loan

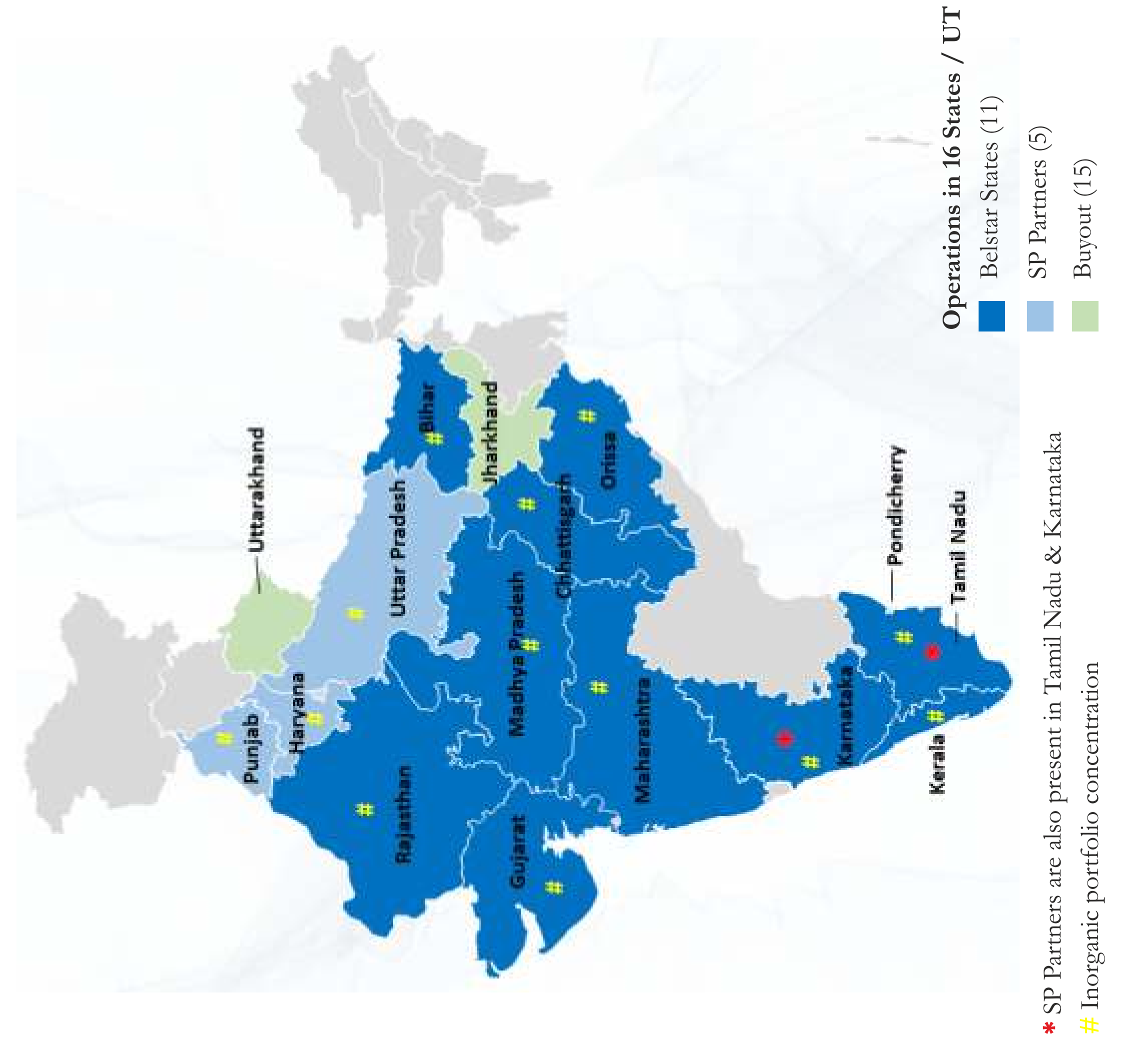
Education Loan

House and Sanitation Loan

Geographical Diversification



Company has reduced its portfolio concentration in Tamil Nadu from 92% to 59% over 7 Years

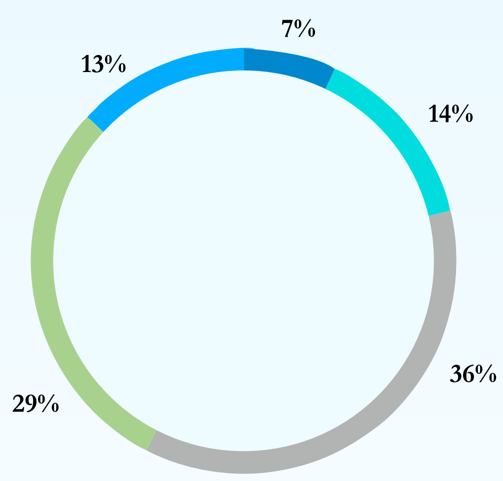


Portfolio Highlights

ACTIVITY -WISE DISTRIBUTION OF LOAN

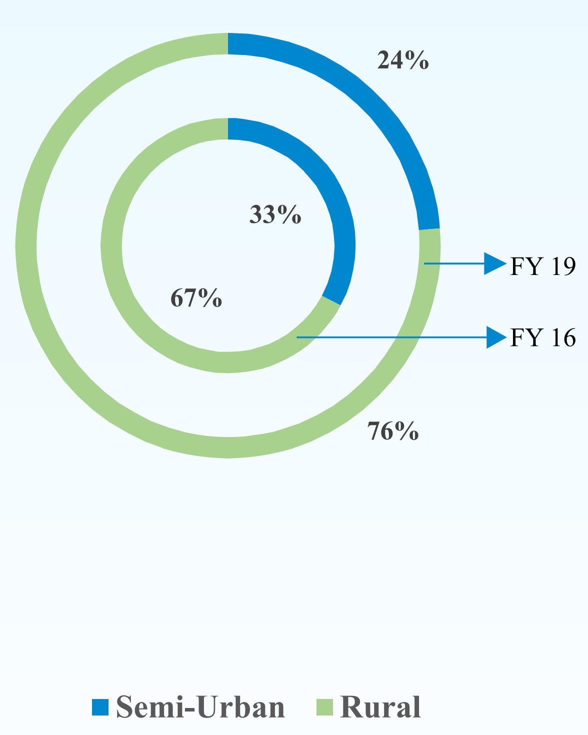
INDUSTRY	FY 18-19	FY 17-18	FY 16-17
AGRICULTURE AND ALLIED	53.65%	54.55%	58.13%
SERVICES	23.08%	15.19%	24.15%
TRADE AND BUSINESS	9.22%	18.11%	9.75%
EDUCATION LOAN	4.83%	1.65%	3.22%
PRODUCTION OR MANUFACTURING	3.58%	3.67%	2.68%
CONSUMER GOODS	4.96%	2.35%	1.61%
SEL LOAN	0.69%	4.47%	0.32%
HOUSE IMPROVEMENT	0.001%	0.00%	0.11%
WATER AND SANITATION	0.001%	0.01%	0.03%
TOTAL	100.00%	100.00%	100.00%

AGE WISE DISTRIBUTION OF BORROWERS

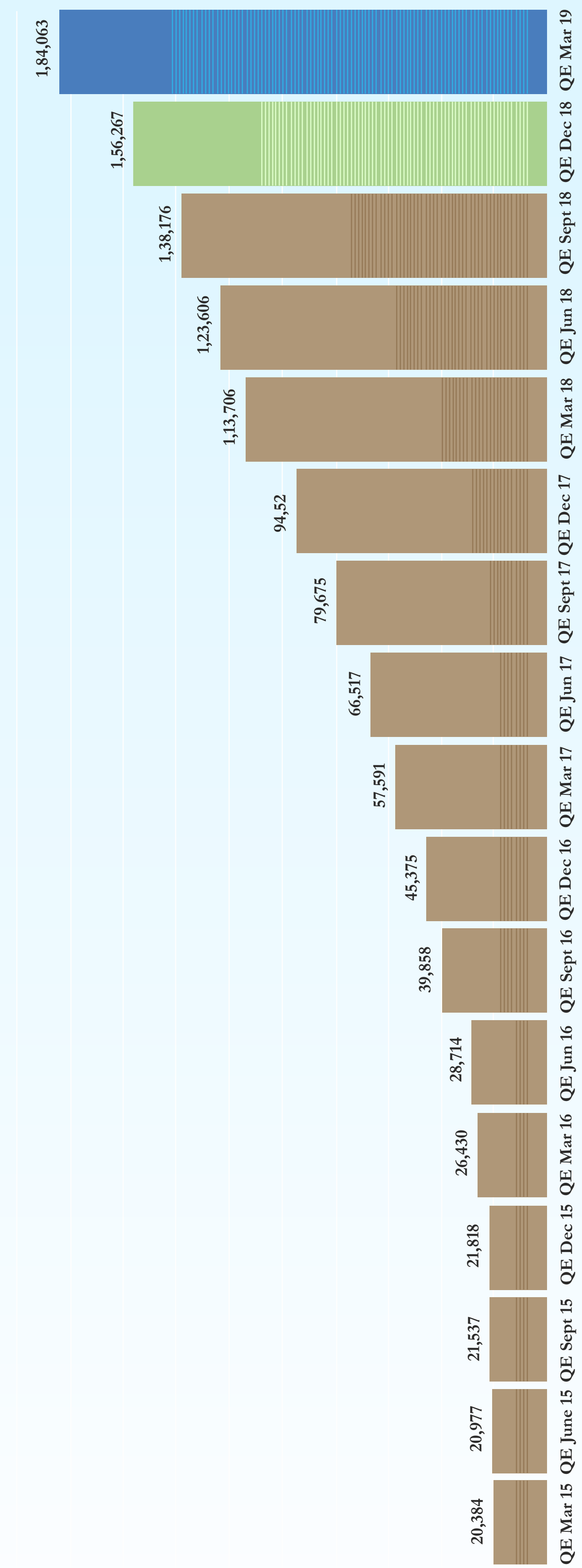


18 to 25	26 to 30	31 to 40	41 to 50	>51
7%	14%	36%	29%	13%

BORROWER BASE



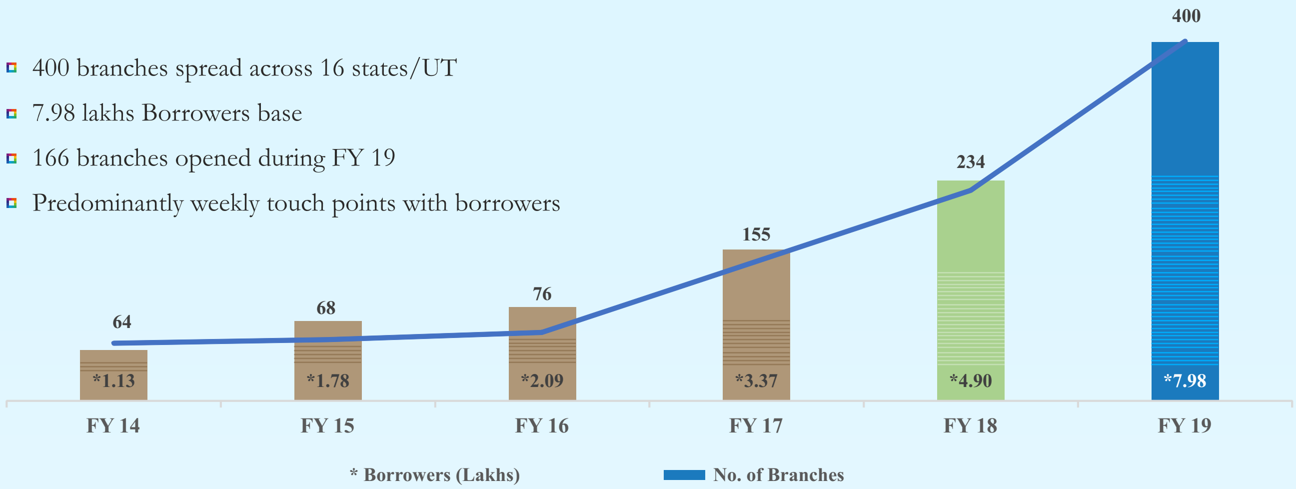
Finance & Operation



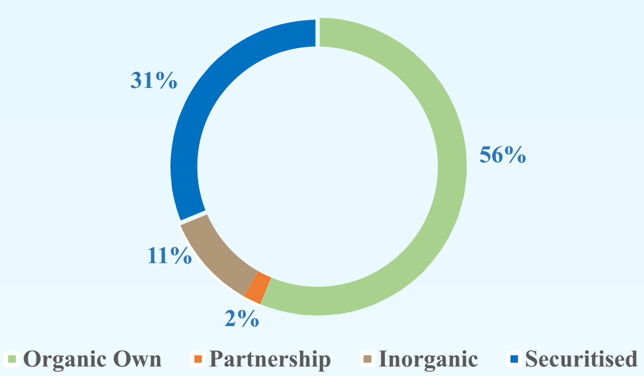
AUM GROWTH OVER THE YEARS (₹ In Lakhs)

BORROWER AND BRANCH OUT REACH

- 400 branches spread across 16 states/UT
- 7.98 lakhs Borrowers base
- 166 branches opened during FY 19
- Predominantly weekly touch points with borrowers



AUM %



Growing our Inorganic Portfolio

Traditionally, organic growth constituted the single line of growth of business. This year, in line with business expansion plans of the company, the organic portfolio was complemented with a dynamic and innovative inorganic vertical.

Established in 2018-19, this vertical has contributed to 12.5% of the business portfolio. This enables the institution to move forward with small local MFIs and creates a win-win situation.

Inorganic portfolio contributes to the business growth by forming strategic partnerships with local level entities, either by purchasing their portfolio to provide them short-term liquidity for credit funding, or by establishing a service provider relationship wherein the processes of both the entities are systematically merged at branch level operations to achieve growth and expansion.

Inorganic growth serves as a beneficial partnership to all the parties involved - while Belstar gets access to an enlarged customer base and a stronger customer connect, the client can utilize the operational and technological excellence of Belstar's processes and benefit from a diverse range of products and low TAT. Apart from these, Belstar gets the opportunity to expand its operations in new geographies where it has not grown organically.

The concept has been a successful venture catering to more than 13,570 borrowers across 35 branches through 5 Service Provider partners as on March 2019. The AUM has grown almost three folds between Dec-18 and Mar-19 to stand at Rs. 35.94 crores by the end of Mar-2019. The portfolio has performed decently, with almost cent percent collection efficiency.

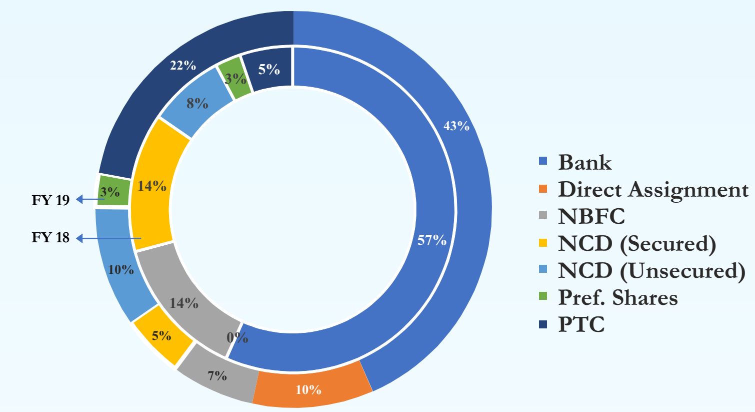
The major share of the inorganic portfolio is through the Direct Assignment transactions, having to an AUM of Rs. 194.41 crores, thus more than the total managed portfolio under Inorganic segment to be more than Rs. 230.35 crores.

Inorganic growth has resulted in Belstar's entry to new geographies like Punjab, Haryana and Uttar Pradesh. It has further increased Belstar's foot print in existing states like Tamil Nadu and Karnataka. In the financial year 2018-19, the partnership model was introduced and the following partners were on-boarded, this includes Hand in Hand India, Finsigma Inclusive Services Private Limited, Shikhar Microfinance Pvt. Ltd., Saggraha Management Services Pvt. Ltd. and Ambition Service Pvt. Ltd.

The inorganic alternative of growth has shown encouraging potential, as it opened several avenues of exposure and advancement in terms of products, operations and customer base. In FY19-20, Belstar is aiming to achieve higher ends of inorganic expansion by looping in more partnerships through the Service Provider model and other strategic alliances.

ALM Static Basis as of March 31, 2019 (Rs. Cr)

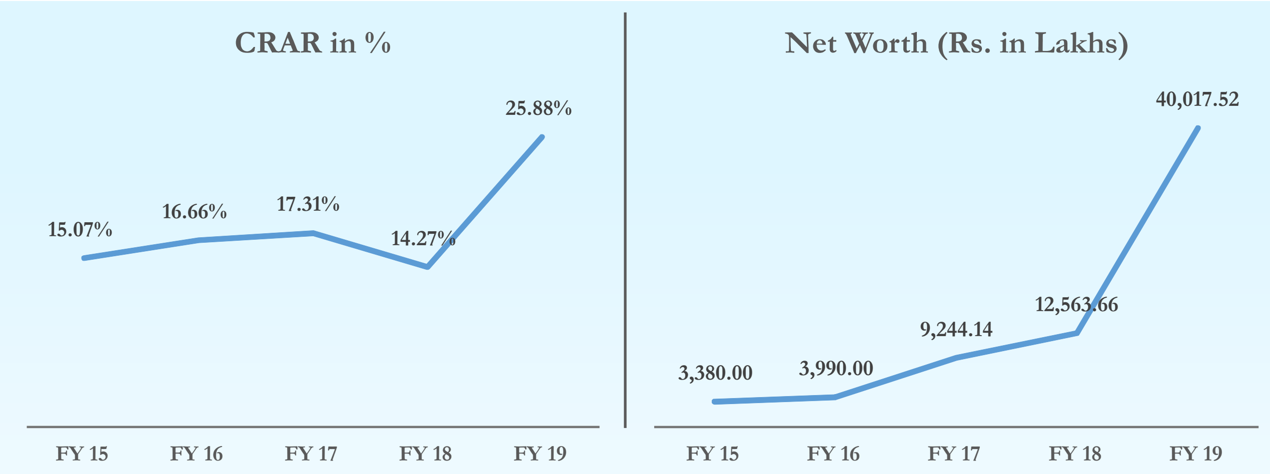
Diversified Funding mix



(Rs. In Lakhs.)

	FY 19		FY 18	
Bank	78,260.35	43.45%	68,610.88	56.68%
PTC	39,664.11	22.02%	6,331.28	5.23%
Direct Assignment	17,809.58	9.89%	28.03	0.02%
NCD (Unsecured)	17,700.00	9.83%	9,200.00	7.60%
NBFC	12,332.39	6.85%	17,118.17	14.14%
NCD (Secured)	9,333.34	5.18%	16,666.67	13.77%
Pref. Shares	5,000.00	2.78%	3,100.00	2.56%
TOTAL	1,80,099.78	100.00%	1,21,055.02	100.00%

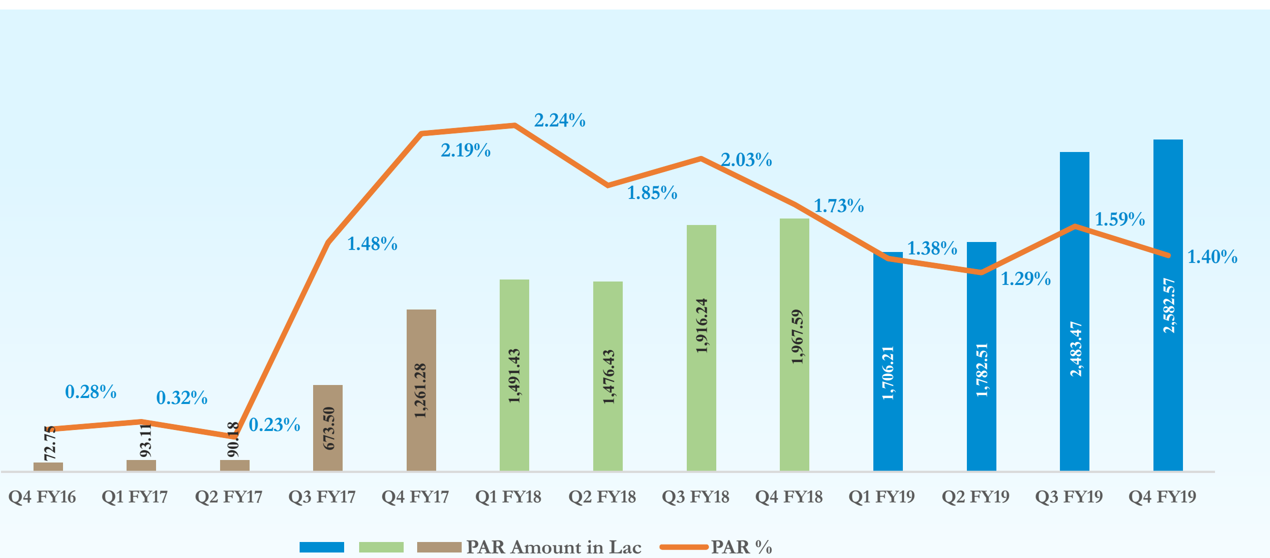
FINANCIAL DASH BOARD



Note: FY 2019 figure is as per Ins AS, FY 2018 & 17 figures has been recast as per Ind AS and FY 2015 & 16 figures as per IGAAP

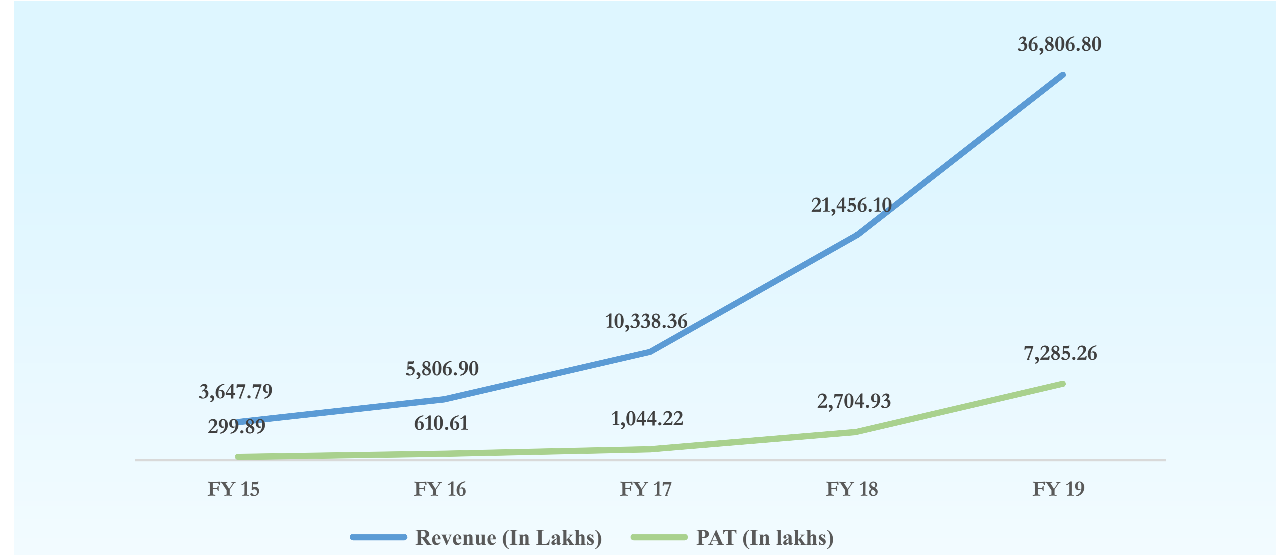
- This year brought an effective change in the out reach as well as increase in the impact of Belstar's Micro Finance activity in various servicing northern states of the country.
- Company has raised Equity Capital of Rs. 201.82 Cr from existing shareholders and Foreign Institution to strengthen capital position as required by the regulator.
- The PAT witnessed a growth of 169.33% over the previous financial year and the same resulting to increase of Net worth by 218.5%

DELINQUENCY MANAGEMENT



- The company has reduced its PAR > 30days from 1.73% in FY 2017-18 to 1.40% in FY 2018-19 on the Gross Loan Portfolio by introductions of collection structure, process controls and timely MIS.

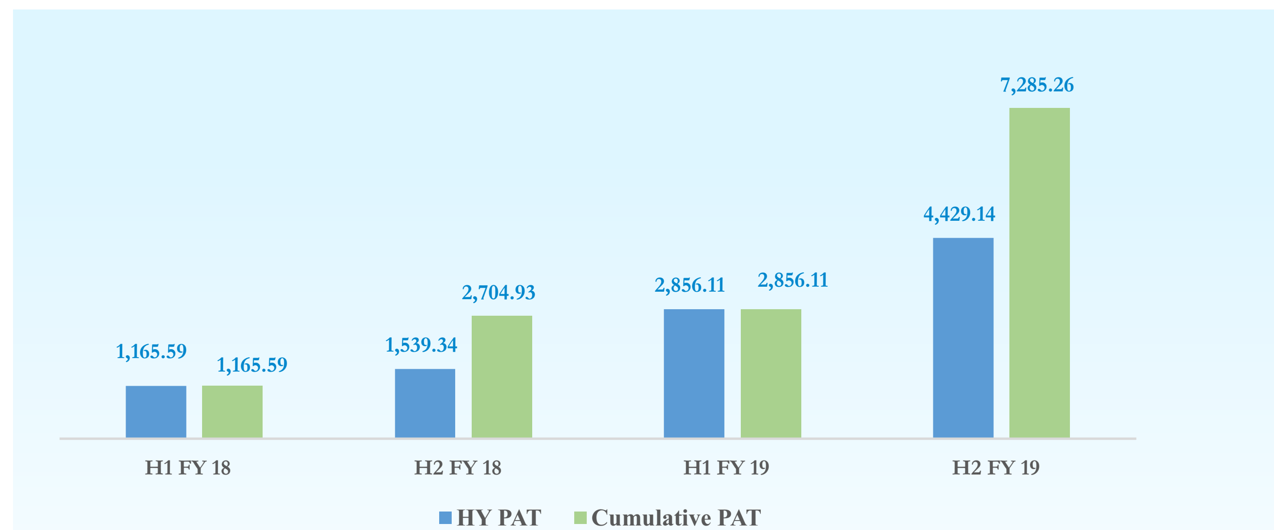
Revenue and PAT



Note: FY 2019 figure is as per Ins AS, FY 2018 figures has been recast as per Ind AS and FY 2015 to 17 figures as per IGAAP

The increase in the number of districts, branches and clients has enhanced the Microfinance Operations of the company which witnessed an upward inflow of revenue during the year. Revenue witnessed a growth of 71.55% from FY 18, which resulted a significant growth of 169.33% in PAT.

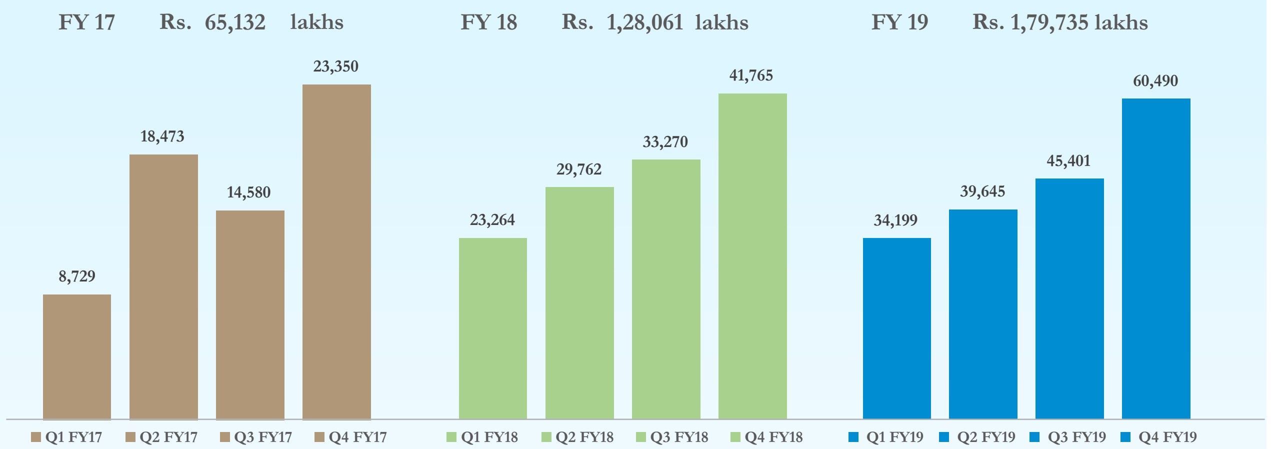
Profitability (Rs in Lakhs)



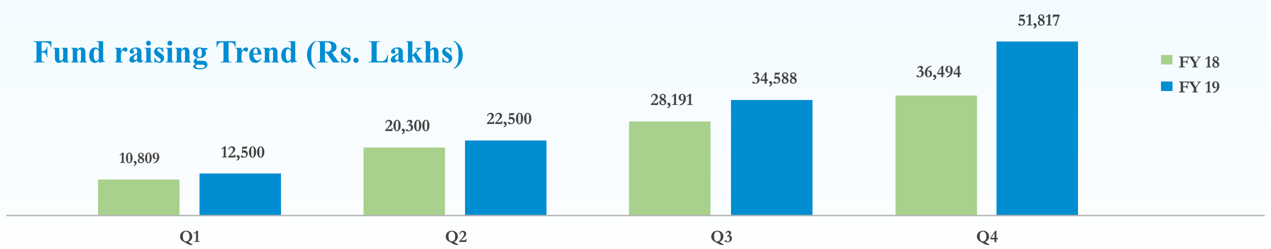
PAT for the year has significantly increased from Rs. 2704.93 lakhs in FY 18 to Rs.7285.26 Lakhs in FY 19 showing 169%. The high growth in PAT was due to large expansion in business and savings in finance cost as fresh equity fund was deployed in the business

QoQ Disbursement and Fund-raising Trend

Disbursement Trend



Fund raising Trend (Rs. Lakhs)



Credit Rating and Micro Finance Grading

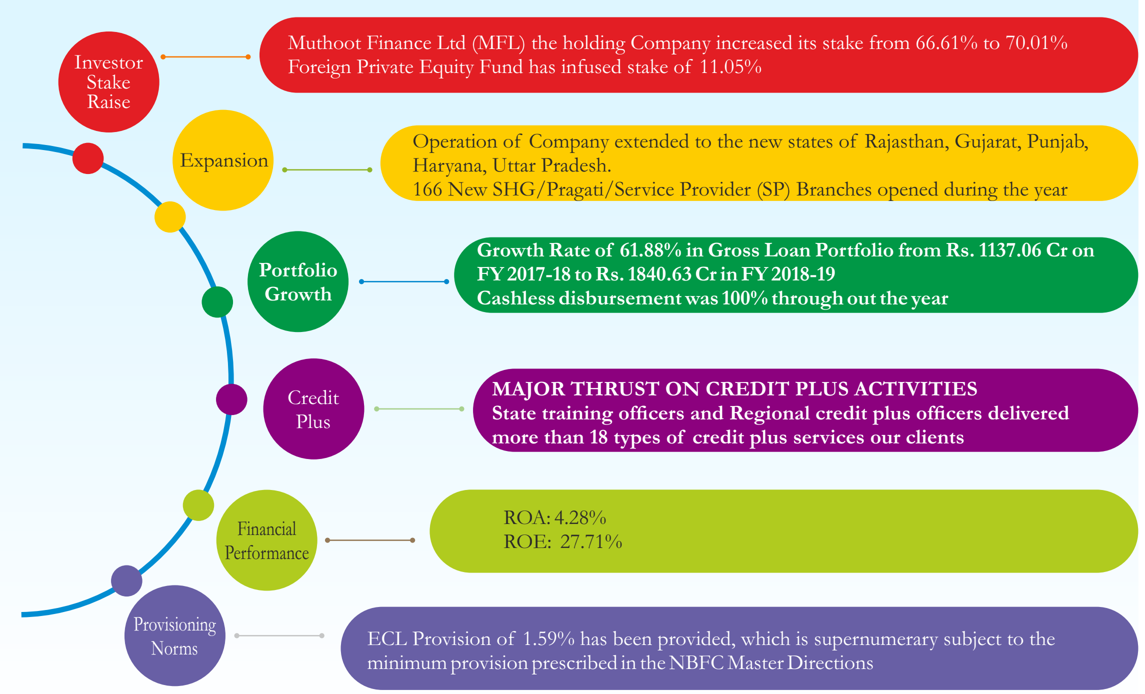
Instrument	Rating Agency	Rating / Grading FY2019	Rating / Grading FY2018
Long Term Bank Facilities	CARE	CARE A+	CARE A
Non-Convertible Debentures	CARE	CARE A+	CARE A
Preference Shares	CARE	CARE A(RPS)	CARE A (RPS)
Non-Convertible Debentures	ICRA	ICRA A	ICRA A
Subordinated Debts	ICRA	ICRA A	ICRA A
Long Term Bank Facilities	CRISIL	CRISIL A+	-
MFI Grading	CARE	MFI 1	MFI 2+

CARE has assigned Grading of MFI 1(Highest grading on the eight point scale) vide letter dated November 22, 2018

Ind AS Profitability Ratios

PROFITABILITY RATIOS (IND AS)	FY 2019	FY 2018
ROE % (Wt. Avg)	22.71%	24.81%
ROAA %	4.28%	2.56%
Yield on Avg Assets	21.55%	20.32%
Spread (NIM) as % of Avg Asset	12.75%	10.79%
Cost to Income	52.73%	64.81%
Debt Equity including Tier 2 capital	3.96	9.69
OER as a % of Average Total Assets	5.64%	5.67%
Capital Adequacy Ratio	25.88%	14.27%
Operational Self Sufficiency	138.91%	123.00%
Finance cost to Operating income	40.85%	46.88%
Employees cost to Operating Income	16.79%	16.33%
Other operating exp to Operating Income	8.18%	9.45%
PBT to Turnover	28.01%	18.70%
PAT to turnover	19.79%	12.61%

Other Higlights



Lending A Helping Hand: CSR

This year we have engaged in Corporate Social Responsibility (CSR) activities that ensure the socio-economic welfare of people. We have partnered with Hand in Hand India, a non-profit organisation that works towards poverty alleviation through job creation and women empowerment in two projects with an exclusive focus on economically disadvantaged communities.

Empowering Women through Skill training and Job creation

Our first initiative is a Skill Training Center in Coimbatore. The centre aims to provide quality training on beauty & wellness for women from Scheduled Castes (SC). The design of the building was carefully planned to keep in mind the needs of the training sessions and includes rooms for practical and theory classes. Apart from the infrastructure, Belstar also ensured a careful screening process of women undertaking the beauty & wellness training with a priority given to women from the SC community. The main objective of the programme is to empower women to be financially independent thereby increasing their quality of life. This will ultimately result in social awareness and boosting their self-confidence & esteem.

Women were mobilised through door-to-door campaigns, SHG group meetings, branch and credit officer meetings. During this phase, information relating to the training, such as course duration, content and norms were shared with the candidates. This was the first step taken to help identify interested candidates. Factors such as being a Belstar SHG member, between the age of 18-40 years old, have minimum educational qualifications and has a keen interest to start an enterprise or to be employed were taken into consideration during the screening process.

The trainers for the programme come with years of experience and have hands-on experience of both training and working with prominent beauty brands. The first Assistant Beauty Therapist course began with 20 members and so far has covered 80 women.

Provided financial and functional literacy programmes and training to 153 Self-Help Groups (SHG) comprising of 1981 members for setting up scalable business enterprises. Training on financial literacy, digital literacy, role of savings, business development, market linkages and financial planning were held in detail. These programmes were pivotal in bringing them out of poverty by improving their economic and financial condition. The trainings provided a voice to the women, enabling them to take their own decisions and be independent. Once the women were empowered, they gained respect and inspired more women to take up entrepreneurship.

Enabling Access to Healthcare

Our second initiative focuses on citizens' health. These health initiatives seek to achieve two things, one, to increase access to healthcare in rural communities and two, to increase awareness of illnesses and curable conditions. Through our initiatives, medical camps were conducted for Belstar SHG women and their families. These camps provide general medical care and promote curative health services. Aside from merely providing these services, women were empowered with access to reliable and affordable healthcare.

As part of the Belstar CSR programme, these camps were conducted in Tamil Nadu, Karnataka, Maharashtra and Madhya Pradesh. Over the past year, 1476 people were reached through 12 medical camps, and 34 children between the age groups of 0-5 years old were given basic medical treatment. Women with more severe health problems were referred to hospitals for further treatment. Our partner, Hand in Hand India took the responsibility of taking care of all the necessary logistics including the provision of Medicines/ Drugs, Meals, Transport and Medical charges. The professional services were given by the medical staff. Organizing general medical camps is no easy task but Hand in Hand India helped to execute this programme as well as build partnerships with esteemed medical institutions.

Importance of Life Insurance

The central reason for Life insurance is to absorb financial and accidental shocks. There is always a risk of natural disasters that will put the poor back into the vicious circle of poverty. Belstar offers Life insurance along with each of its loan products. All borrowers are insured for life, covering the entire loan exposure and repayment duration. Life insurance aids by paying off debts that an insured person leaves behind after their death. To avoid being a burden to their family members, debts such as Mortgage, Credit card, car loan and other expenses that could dramatically impact the family member's livelihood and lifestyle are repaid.

All our MFI members are women and most of them are also the main earning members of their families. Women, when compared to men, are better at saving and repaying loans. Through time and consistent cycles of loans, women have gained the trust of Microfinance Institutions for the repayment of credits. Hence, women are given a higher priority to provide insurance for the member and her family. In case of accidents involving the earning member, it hinders the income of the household since the member being the sole breadwinner. When an MFI loan isn't insured, the burden of repayment of monthly EMI falls on the other family members. When a member is insured, her/his loan is covered by the Sum assured and the family receives the repaid amount against this loan. This gives family members the relief by returning the amount paid towards this loan.

Belstar gives a lot of importance to provide Life Insurance for the members' spouses. In the Indian Rural Population, the number of deaths are greater in the case of men. This can be attributed to various factors such as their work, lifestyle, eating and drinking habits. Since some of the MFI members' husbands are the primary earning member, any accident or colossal setback would put the family under a lot of stress. When the insurance covers the husband's life, the entire family receives 100% of the loan amount as a Sum Assured Benefit, which helps the members and their families to a great extent. The members can then repay the loan with the settlement amount so that their Equal Monthly Installments (EMI) is manageable.

Analysis For Fy 2018-2019

FY 2018-19	ENROLMENT DATA		CLAIMS DATA	
	Count	Value (In Crores)	Count	Value (In Crores)
Member	4,79,566	13.60	1317	4.67
Spouse	4,65,448	15.56	730	2.61
Total	**9,45,014**	**29.16**	**2047**	**7.28**

Analysis for Q1 FY 2019-2020

Q1 (Apr, May, June)	ENROLMENT DATA		CLAIMS DATA	
FY 2019-20	Count	Value (In Crores)	Count	Value (In Crores)
Member	1,28,744	3.34	398	1.51
Spouse	1,28,744	3.79	531	1.93
Total	**2,57,488**	**7.13**	**929**	**3.44**

Insurance: Safety net for Clients

Belstar mandatorily insures its clients along with the loan amount to assist the member in times of emergency. Upon interaction with members and given their social profile, living conditions and listening to their woes, the importance of spouse insurance came up. Women members suffer the most with untimely emergencies affect the spouse. To instill confidence, ensure the business continues in a smooth way and to support the borrowers family, spouse insurance has been introduced across Belstar branches on an optional basis.

Over the past year 2047 insurance claims have been fulfilled, out of this, 1317 is for the spouse and 730 for the nominee, proving that this truly acts as a safety net for the family to rely on

Case study 1:

Loganayagi (age 35), a member of Maruthani SHG of Marakanam branch, Tamil Nadu is involved in the dairy business. She has availed two loans from Belstar - INR 20,000 and INR 30,000 to grow her dairy by purchasing milch animals. Owing to an untimely accident, Loganayagi suddenly passed away. It was at this time her husband applied for the insurance claim amount. Receiving the amount in a timely manner was a boon for him as he could easily transition and take over Loganayagi's business. Her husband continues the milk business earning Rs.1500 every 10 days.

Their son and daughter are enrolled in the local school. He mentioned that the insurance claim amount has been of great help to the family as he could continue the business and ensure sustained income.

Case Study 2:

Vanitha, a member of Sangammam SHG, Thakkolam branch Tamil Nadu applied for a loan of INR 50,000 to augment her tailoring business. Unfortunately, on 26.08.18 she lost her husband, Gopi to a bike accident. On applying for the claim, she received the claim amount that her husband was insured through Belstar's spouse insurance programme within 14 days. This quick turn around and timely support has been pivotal in her continuing her tailoring business and repaying her own Belstar loan on time.

Hospicash

Apart from life insurance, Hospicash has been introduced in January 2019. Small time entrepreneurs miss out on their daily wages when admitted at the hospital for an ailment. Hospicash ensures that a fixed sum assured is paidout to the beneficiary for the period they are admitted in the hospital, to compensate for loss of wages. During the period January to March 2019, 6750 customers were covered under hospicash.

Hybrid Model for Poverty Alleviation

Dr. Kalpanaa Sankar

There is a myth that microcredit does not reduce poverty. But our experience shows that combining the right lending methodology, business coaching, entrepreneurship training, skill training, insurance, leveraging access to Government schemes and access to subsidised credit for the target groups can help them to come out of poverty.

Belstar is a socially responsible MFI with PAN India presence and very good parentage. Hand in Hand India's job creation model focuses on poverty alleviation through entrepreneurship. Their model bridges the gender gap by providing dignity, choice and hope through the women centric self help group (SHG) model. Initiated in 2006, the organisation has created over 20 lakh SHGs so far. The groups are found across 19 districts of Tamil Nadu and in the states of Madhya Pradesh, Maharashtra, Rajasthan, Odisha, Punjab, Karnataka and Himachal. Services are offered after a needs assessment and as per the human and gender development indices that pertain to each geography.

The SHG model offers a basket of services ranging including social mobilisation, access to savings, digital training, entrepreneurship training, skill training and access to credit through SHG bank linkages or MFIs. Our experience has proved that it is a very strong platform for providing voice for women at the bottom of the pyramid, especially instilling in them the importance of savings.

Hand in Hand India has successfully transferred 95% of the branches formed by then to Belstar to enable clients to get a range of loan products and increased quantum of loans leading to upscaling their enterprises and reducing their vulnerability. The loyalty factor and customer connect is specifically more in the SHG model and making it less risky in times of crisis.

As Warren Buffet famously said, ' do not put all your eggs in one basket' , Belstar too has diversified its client group. By taking the best practices from the SHG model, we have initiated a hybrid Joint Liability Group model (Pragati) that has been an enabler of scale pan-India. With lesser number of members and quick incubation the JLGs have proved to be a model that mitigates geographical risk and has enabled us to quickly grow a good portfolio.

Although tradition SHG and JLG models have different scoring patterns and different collection methodologies, the culture and the basic philosophy across the two remain the same. The branch collection model of Belstar has been replicated for JLG too. Effective planning, adequate support from functions including HR, IT and prudential financial controls have been pivotal in scaling both SHG and JLGs. Run by two separate teams with separate targets ensures productivity. A healthy competition between the teams keeps them going with cross learning of best practices. SHG and JLG teams oversee the loan utilisation to ensure that the microfinance money is used for productive purposes through income generation to help them with repayment and avoid over indebtedness.

The screening, due diligence and selection for both SHG and JLG have been streamlined and they follow the same protocol to avoid onboarding over indebted clients and ensure that we build a good book with high quality. This also helps in securitization, better treasury management and adds to our profitability. While the culture, ethos, vision and strategy for both remain the same, the training, process and organogram are different. The focus going forward will be on learning and development to ensure the right training and onboarding is provided our clients.

While the hybrid balance between SHG and JLG models have proved to be a segue of success for Belstar and for poverty alleviation, the service provider model is becoming increasingly popular for field testing in new geographies before formal establishment. In conclusion, both SHG and JLG have their own merits and demerits but we are trying to narrow down the difference, taking the best features to create maximum value for our clients and shareholders.





Human Resources

With the expanding geographical presence of Belstar in FY-18-19, it was a necessity to increase our manpower to meet business requirements. A Central Talent Acquisition team was created in order to scale up the capabilities of increasing recruitment volumes. This enabled us to gain clarity on roles and responsibilities and ensure overall improvement in recruitment efficiency and customer satisfaction.

The opening headcount of manpower in 2018 was 1784 people and it ended closed with 2876 by 31st March 2019. The gross addition of 1984 people amounted to an increase of 110% during the year. This year, we also saw a renewed focus to revamp the quality of manpower, by institutionalising multi-point diligence during hiring. Background verification, employee reference check, credit bureau check, client loan check etc helps Belstar to choose the right candidate for the role. Performance assessment standards were sharpened and improvement plans were introduced to increase efficiency amongst the employees. These initiatives strengthen the staff profile and performance behaviour resulting in higher overall attrition.

Belstar's Mandatory Rules

With our expansion into several new states, Belstar has carefully structured and executed regional induction programmes to reach a wider base of employees and clearly communicate Belstar's values, ethics, culture and goals. Refresher trainings are conducted on a regular basis to reinforce the process and product related knowledge amongst staff. Key Responsibility Area (KRA) workshops have been introduced to ensure role clarity and staff productivity, particularly for Credit Officers.

At Belstar, we go the extra mile in ensuring staff feedback and concerns are confidential. Performance Appraisals are conducted in a transparent manner, with goal parameters and rating scales clearly defined to all field roles.

The management prioritizes the health and safety of all staff. As such, the scope of various benefit schemes, is regularly revamped to meet industry standards. Personal Accident scheme to help in accidents, medical insurance schemes to cover medical treatments and Staff Welfare schemes in case of emergencies or loss of property due to natural calamities are provided to our staff. Belstar also has a strict zero tolerance policy towards instances of violation of code of conduct and all such instances are promptly investigated and appropriate action is taken.

Our Staff Connect through the year

- Belstar has always advocated for gender diversity. As a result, Female staff constituted 41% of our staff strength as on 31st March 2019
- We encouraged the growth of HR presence in new geographies with regional HR's to immediately address any grievances.
- 35 Refresher training cum KRA workshops were conducted for 1079 staff at the Branch Manager, Branch Accountant, Credit Officer, RAT executive, Regional Risk Manager and Regional Manager levels.
- To facilitate direct outreach to MD by staffs in regions, skip level meetings were organised across various regions in the country.
- Existing Personal Accident scheme with 2 lacs coverage was enhanced to Group Term Insurance. Similarly, Medical insurance scheme with 1.5 lacs coverage was enhanced to Group Mediclaim insurance with cover of 2.0 lacs and scope enhanced to cover AYUSH treatment
- Aggregate Staff loan amount INR 1.30 crores got disbursed to 269 staffs for Staff welfare scheme in times of emergencies, loss to property due to natural calamities,etc
- Streamlining of HR processes and realtime tracking, by way of in house HR automation is underway ensuring a comprehensive coverage of HR processes.

Internal Audit

Regular audits ensure the accountability and integrity of a company. Belstar’s Internal Audit vertical has evolved over 2018-19 and ensures compliance through with audit automation, quarterly branch audits, short internal audit, surprise branch audit and corporate office audit.

Comparing the first and last quarter of FY 2018-19, there is a significant improvement in performance of the branches with the number of low-risk branches increasing from 49 to 118. High-risk branches have reduced to 5 with a plan in motion to reduce this figure to 0 by Q1 FY 2019-20. Surprise audits have been instrumental in identifying ring leaders and providing inputs to management to resolve the same.

The key audit observations include those in loan sanction process, KYC compliance, loan disbursement and documentation and HR and admin related deviations. The corporate audit focused on human resources & payroll, information & technology, quality of Centralised Operations and in finance and treasury.

Institutionalising an automated audit alert dashboard has supported the management in identifying issues at the micro-level in the branch and the root cause of the same. The audit alerts are mainly to report issues and observations having financial implications.

The Audit team completed the inaugural branch visit the branch visit and process audit of the Service Provider branches. The focus was on process compliance and portfolio quality

In addition to the regular audit, the team handles legal issues as well with an able, dedicated and experienced team of professionals including legal consultant, support staff, technical team, relationship associates who deliver efficient, competent and cost-effective Legal Process Management services to the company.

Working independently, the team has successfully delivered audit results and reports on time without any coercion. 2019-20 holds multifaceted potential for the audit team to ensure best practices within Belstar by introducing audit analytics, including field and corporate risk and further audit automation.

Risk Management and Service Quality

Since its inception, the company has ensured that Risk Management is an integral driver of Business Operation. The focus of Risk Management in FY 2018-19 has been on restructuring and consolidation of Risk Functions. Risk Management function acts independently, yet complimenting the internal audit function.

Following this direction, Belstar implemented several initiatives such as:

- Revising its Risk Management Policy to ensure multiple processes of identifying, measuring and controlling all risks it is exposed to – mainly Financial Risks, Operational Risks, Business Risks and Compliance Risks.
- Posting one field-level Risk Executive exclusively for every 2 branches and One Regional Risk Manager supervising about 20 branches and a Risk Analyst at Head Office for analytical studies.
- Regional HR, Regional IT, Regional Audit and Regional Accounts managers have been appointed to mitigate operational risks in their geographies.
- Dashboarding Risk & Audit alerts with follow up action to mitigate the associated risks
- Integrated software application for both SHG & JLG models of our operation
- Use of Tablets in all our branches after adequately training all the employees in its usage
- Refresher training for the entire Risk team and incorporating Risk Management sessions in all training programs for embodying risk culture among all employees
- Activation of the Credit and Operational Risk Management committee to deliberate and approve any new Product, Process and Geography before their implementation
- Monitoring and controlling company-specific prudential risks within the Board approved trigger limits
- Loan disbursement is made 100% through non-cash modes only by credit to borrowers' bank account
- Further loan disbursement is suspended in branches which displays more than internally fixed tolerable levels of NPA / collection efficiency limits
- Collection managers have been appointed to focus on the recovery of long-pending overdue
- Chief Managers who were earlier looking after business development as part of the operation team have been assigned specific KRA of focusing on the recovery of ODs as part of credit risk management.

Risk Mitigation Measures

1. Financial Risks

1.1 Credit Risk: It is measured by the amount of overdue (OD) and portfolio at risk (PAR).

1.2 Transaction Risk: It arises due to delay or default in repayment of the loan by the borrower.

1.3 Portfolio Risk: It is managed by limiting the exposure borrower-wise, sector-wise, geography-wise, lender-wise, model-wise etc to avoid concentration risk.

These risks are managed by the meticulous process of proper identification of the borrower as per KYC policy; appraisal of the borrower using 5-C principles (Character, Capacity, Capital, Collateral and Condition); scrutinizing the purpose or activity of loan sanctioned; timely sanction of the loan in Centralized Operation Centres (COC); post disbursement loan utilization checks 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.

2. Liquidity Risk

2.1 It is the potential loss arising from the inability to meet timely and adequately the short-term funds' requirements towards repaying debt obligations, funding business opportunities, incurring operational expenses etc.

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

3. Market Risk

3.1 Assets and Liability Risk - A & L Risk involves a mismatch between assets and liabilities in terms of maturity profiles and interest rates. The company has positive mismatch since its average maturity of assets is about 22 months and the average maturity of liabilities is about 30 months. The company, with a favourable credit rating of 'A+' and 'MFI-1', besides a strong parent group can negotiate to borrow funds at finer interest rates and maintain sufficient float at all times.

3.2 Foreign Exchange Risk – It is the risk that an asset or transaction denominated in a 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, companies can hedge the risk by permitted methods like forwarding contracts, options, futures etc.

4.Operational Risks

4.1 Operational risk involves loss arising out of the failure of people, process and system. Since our lending is without collateral /margin for low income and vulnerable women groups, it necessitates heightened operational risk management. At induction, employees are trained to improve their 'Attitudes, Skills and Knowledge (ASK) through periodical refresher programs.

4.2 During the training, it is emphasised to imbibe the company's vision, values, Code of Conduct and customer orientation. Potential irregularities or fraud are prevented by ensuring strict compliance to laid down internal systems and procedures and disciplining deviant behaviours by any employee.

4.3 Branches are rated into Low, Medium and High-Risk categories based upon audit observations relating to branch management, borrower's KYC, loan documentation, delinquency (OD & PAR), process compliance, compliance of previous audit reports etc and appropriate monitoring is done to improve their risk rating.

4.4 The company also has a robust IT system with inbuilt business continuity plan and disaster recovery management drills.

5. Business Risk

5.1 Business risk is the probability that the company will have lower than targeted profits due to unforeseen variables adversely affecting business volumes, operating costs, 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.

5.2 The company has sufficient capital adequacy to leverage business opportunities.

5.3 The company enjoys goodwill and reputation in the industry as a socially responsible MFI.

6. Compliance Risk

6.1 Compliance risk also encompasses legal, regulatory and reputational risk. These risks arise due to non-compliance to statutory requirements relating to operations, customer protection, corporate governance etc., Such incidents lead to the imposition of penalty, suspension of permission to operate etc., by the authorities concerned, which result in reputational risk.

6.2 The company has a dedicated team and system support for conducting an internal audit and for ensuring legal, regulatory compliances and other observance of company's on-negotiable.

Customer Care, Protection & Retention

Customer centricity has been the central focus of our operational process. Customer care and protection are ensured through appropriate product design and delivery, systemic checks to prevent over-indebtedness of customers, transparency in pricing, terms and conditions of our products and our operational process, responsible product pricing, fair and respectful treatment of clients and simple but effective customer grievances redressal mechanism. Customer retention is further enhanced through our Credit Plus initiatives.

Customer Service Committee

All our branches conduct quarterly customer service committee meetings. During FY 2018-19 a total of 690 such meetings were conducted across all the branches.

Code of Conduct (CoC)

CoC enshrines transparency, integrity and ethical behaviour. Client protection and education, governance, data sharing with RBI approved Credit Bureaus, feedback and grievance redressal mechanism are our main focus areas in this respect. It mandates that the name and contact number of the Grievance Redressal Officer are displayed in each of its Branch Offices as well as in the Head Office. A complaint cum suggestion box and the address of the respective RBI Regional office is displayed at each Branch Office. The toll-free number of the company and Micro Finance Institutions Network (MFIN) are mentioned in the loan card issued to the clients and displayed in all the branches. Copies of the loan documents entailing loan repayment schedule, interest rate, balance outstanding, processing fee, insurance premium, customer grievance redressal mechanism etc., are given to the borrowers. No coercive methods are resorted in recovering the loan, as we follow the branch collection model and customer data is not shared with anyone other than as regulatorily required.

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 at Head Office. A specially designed multi-set complaint book is maintained at each branch which provides for issuing acknowledgement immediately to the complainant. A quarterly report is submitted to MFIN on grievances received, addressed and outstanding. All employees are educated on the Code of Conduct and grievance redressal procedure, during induction/refresher training. Customers too are educated on grievance redressal procedure at the time of their onboarding.

Grievance Updates for FY 2018-19

Received	Solved	Pending
285	279	6

The aforesaid 6 pending complaints have subsequently been closed during April '19.

Technology Landscape

Taking Belstar on the Digital Pathway

FY2018-19 year started with a bang for the Technology team, taking a cue from previous year when the application migration to Jayam e-FIMO was implemented and the Centralised Credit Operations was set up. IT team had initiated and completed the POC with Jayam Mobile Application based customer sourcing successfully by Q1 of FY 18-19. Upon successful POC completion launched Mobile Application. Adoption of Mobile App based customer sourcing lead to reducing the Manual processes, data entry errors at source apart from securing the data and quicker TAT.

By the end of FY-2018-19- all existing Pragati and SP branches adapted to the TAB based customer sourcing including new branches as and when they were established.

For SHG branches, user training and implementation started from Dec-18, and by May-19 all SHG branches were also migrated to TAB.

Information Technology has truly been a game changer as it has provided reliable and timely analysis of data to help strategise for business excellence. An information security framework was established to secure data, to include both digital and physical security measures such as cyber security to ensure threat protection and control data leakage. CCTV installation and central monitoring provided an additional layer of security.

IT training for staff:

Three Pillars of IT

- Staff Training
- Hiring competent resources
- Defined job roles and accountability

- Process re-engineering to reduce TAT and increase productivity
- New modules and functionalities in Jayam web and mobile application to support business needs.

- Mobile App Implementation
- MDM Solution
- CCTV monitoring
- Reports and Dashboard

Key milestones during the year

1. Implementation of Mobile Application (m-FIMO)– Digitization of data
2. Process Flow changes
   a. Reducing no. of steps to disburse the loan and reduce Turnaround Time
   b. Capture quality data
   c. Increase Productivity
   d. Reduce Risk with additional controls in the New process flow
3. The process of repayment has been restricted up to 20th of each month in order to have time for follow up on the Non-OTR cases.
4. Option has been provided for the Internal Audit team to view all KYC documents and rating sheets from anywhere and anytime.
5. Risk Assessment Team were provided TAB device and mobile apps to ensure Risk Rating is done on the field for 100% of the applications sourced.
6. Implementation of MDM solution with 2800 TAB devices to secure, manage, control and track the devices.
7. CCTV Installations
8. Cyber Security – Implemented the Sophos End point solution at branches to ensure threat protection and control data leakage.
9. Digitization of Loan Documents - All loan documents available for download from Jayam application.
10. Various reporting and screen level changes to provide information to users.

CCTV Monitoring

Tracking Device location using SOTI

Group Formation by Credit Officer captured through TAB

MIS and Dashboards

1. Various reports have been developed within the system:
   a. Daily Dashboard which provides the complete information on the performance of the company with respect to
      i. Disbursement – Achievement against Target
      ii. Arrear Demand Vs Collections
      iii. Current (Regular) Demand Vs Collections
      iv. Overdue / Arrears
      v. Portfolio
      vi. PAR
      vii. Trend over last 6 months on the same day etc
   b. Track the movement of applications from Sourcing to Disbursement
   c. Turn around time at each stage in the entire workflow
   d. Exception reports to identify the difference in the location of Ratings done by the Rating officers
   e. Identification of the Non-OTR (On time Repayment) cases on the same day

Audit and Compliance

- **Compliance on RBI Master Directions** – As a Systemically Important MFI, we comply with all the areas defined in RBI Master Directions. In this respect, we conducted a formal gap analysis through a professional firm, where gaps were identified and the same has been fixed.
- **IT Policies and Procedures** – A detailed IT Policy and Procedures document was created to adhere with RBI Master directions.
- **Application Audit** – An Application Audit was carried out by a professional firm to identify the gaps in the Business Operations Application, namely Jayam e-FIMO. Gaps identified were addressed based on priority.
- **IT Risk Assessment** – A review of IT Infrastructure and Landscape from risk perspective, based on standards and guidelines, was carried out by a professional firm. Gaps identified were addressed based on priority.

Plans for FY 19-20

Some of the planned initiatives to be taken up for implementation during the first half of FY 19-20 are:

IT Operations - Applications

- Mobile application implementation (LOS) for remaining SHG and new JLG branches
- Reduction in the data fields captured for member profile and number of stages from sourcing to disbursement (without compromising on the ratings, checks and audits) towards:
  - o Turnaround time reduction
  - o Reduce the workload of the branch and increase productivity
- HRMS implementation with Attendance App (mobile)
- Integration with Banks for automating fund transfer
- Multi-lingual loan documentation

IT Infrastructure and Governance

- Migration to a state-of-the art Data centre for hosting our business applications.
- The Dual Application server will be implemented for balancing the users load while accessing the Application.
- Centralised Network Management System for Branch Connectivity
- Active Directory (AD) Implementation.
- Setting up the Centralized control room for CCTV monitoring.

The yield of Social Outcomes through Credit Plus Services - 2018-19

Belstar is encouraging the holistic development of its Customers through appropriate Credit Plus interventions encompassed with several Community Connect initiatives. The well-structured non-financial services like Capacity Building Trainings, Advocacy, Awareness creation, Counselling and Convergence with various schemes of Govt. Department and Institutions have fostered the overall welfare of the Customers as well as yielded the expected business outcomes.

During the reporting period, the Credit Plus Team of Belstar has executed the doorstep awareness on 'effective loan utilization' and need assessment exercise with 52,528 Customers. It has supported the management to understand a step by step process on how loaned money is being utilised and invested by low-income customers. It also analyses how services are required to upscale current enterprises as well as initiate new ones. Based on the needs assessment, the team has facilitated 53 Business Skill Training for 5872 customers on multiple trades and 132 Technical Training on different variety of technical skills for 1,333 Customers. Moreover, 1003 Customers have been counselled to upgrade their enterprises to the next level. Further intending to advance the digital marketing facilities, the team provided practical and classroom training for 4,594 Customers on a specially designed application for selling items.

Financial literacy has been recognised as an important component to be financially inclusive as well as sustaining customers in the process. The team facilitated 668 awareness programmes for 18,535 Customers in Tamilnadu as well as, Madhya Pradesh, Maharashtra, Chhattisgarh and Odisha. As a result, 2174 Customers have been encouraged to open Savings Bank Account and 576 Customers to open Current Account for striving their enterprise smoothly. 10,859 Customers have been fortified to access Govt. subsidized Insurance Schemes such as PMSBY and PMJJY. In steady effort, Belstar has facilitated 52 Medical Camps for 3575 Customers and 502 Campaigns to disseminate the awareness on Social Welfare and other Govt. Schemes and provided handholding support for 279 Customers to access benefits under various Govt. schemes. They have also aided training SHGs on Group Dynamics, Leadership quality, Enterprise Development and Bookkeeping for 55,662 SHG Members and retained 527 dropout customers to access microfinance loan amounting to Rs.1.65 Crore for enterprise development.

Belstar's credit plus initiatives have led to increased repayments and better social outreach for augmenting the business upshots to clients.

Urmilaben Borisa

Electric Dreams

Growing up in a low-rise area in Vastral-vatva area of Ahmedabad, Gujarat, Urmilaben Borisa and her husband dreamt of having a business of their own someday! Her husband was employed at a manufacturing unit since 2010, where Urmilaben too joined. Urmilaben and Parshotambhai sought additional training from the skill development programme at the GIDC association to help refine their skills and learn new trades. Giving up on his business dream to move into operations was not an easy one! But Parshotambhai knew if he needed his business idea take off from ground zero and be successful, he had to start saving. After all, he had a family of 4 to care for, his wife and 3 children. So, with his savings and his wife's support he purchased two machines to make electrical switches. This cost him INR120,000 but with the loan availed, this was an easy task.

But the real entrepreneur in the family was Urmilaben. She was quick to identify various loans and schemes that could help them enhance their business. She began noticing ads about talking about Belstar loans. Within six working days, Urmilaben and her group members were approved their first Belstar loan, INR 30,000 each. This helped to seed their entrepreneurial dream! With this loan, Urmilaben and Parshotambhai purchased an industrial hydraulic machine for their electrical switch making enterprise.The loan also facilitated the repair of her previous machine with new technology. Together, these machines helped Urmilaben expand her products and introduce a new variety in the market while, improving the quality, reducing costs and time used for production.

Urmilaben is now finding new ways to increase her business and has boosted her income to Rs. 17,000/- per month. Urmilaben is an active member of her group and has been motivating other members to start an enterprise of their own. Her current plans are to start saving for her children's education and ensure they finish their higher education with a master's degree!

Jignaashaben Gohel

It's not easy being a micro-entrepreneur but Jignaashaben knew she what had signed up for. In the past, Jignashaben worked in a clothing factory, working long hours with barely any time to spend with her children. She would use some of her money to put her children in daycare. But she was constantly worried about their safety. Throughout her life, she has worked very hard for her family and was hoping to change their way of life. In 2013, Jignashaben's wishes were answered. She started a small clothing store on the busy streets of Mahemdabad Bazar, Mahemdabad. The store is packed with racks of women's clothing, from Kurtis to dress materials for sarees and blouses. Jignashaben also sources fine clothing from Surat and Ahmedabad for interested clients and sells via a catalogue for latest Bollywood fashions.

A few years into the business, Jignashaben came across a flyer describing Belstar's loan services, which enable a group of small business owners to take out loans. Needing the extra funds to update her clothing inventory and imitation jewellery throughout the year, Jignashaben decided to start her group, named Virol Darwaja Andar with other members. Her loan of INR 30,000 has helped to add new clothing, racks and hangers for her growing store with new attraction as Imitation jewellery, being the first mover in her area.

Jignashaben invests most of her profit for her family and is saving for her children's education. Most importantly, she has gained a sense of security as she has been able to take her children out of daycare and take care of them once school ends. She earns a daily profit of INR 400 daily and INE 11,000-13,000 every month. Her husband assists her out in procuring new inventory too and has been integral in supporting her through her entrepreneurial journey. Jignashaben is a well known face in the bazaar area! Her work is very well known and she has a set of loyal customers!

Case Study Kerala

Mushrooming her way: from a hobby to a business

Sheela from Anthikkad, Trissur has been in the mushroom business for the past 10 years. What initially started as a hobby has been turned into a growing enterprise in their own home! At 52 years old, Sheela and her husband have invested all their time and money into their enterprise. Mushroom cultivation is quite technical and requires constant attention apart from just selling the produce to retail and wholesale markets. While earning a steady income of INR 35,000 every month, they have diversified their offerings with value-added products. These include mushroom powder, a boon for diabetes patients, mushroom pickles and other food items!

A part of the Perumbulisserry M1 group, Sheela takes some help from the other 4 members from time to time. A retired police constable, her husband joined the mushroom business. Sheela got into mushroom cultivation through a workshop she attended 10 years ago conducted at a local university. She says, "cultivating mushrooms is a constant give and take and one is continuously learning from mistakes". And these mistakes have incurred several losses. This never deterred her, as she made corrections along the way to groom the business to a successful one. A capital intensive industry, during the growth phase, Sheela made an investment of INR 12 lakhs to build specific rooms into their house to suit the growth of the mushrooms. They have 3 rooms, each with controlled temperature and humidity for the mushrooms to grow.

Sheela approached Belstar for a loan of INR 30,000 and is in the first cycle of the loan. The loan was used to purchase capital investments like a packaging machine which cost INR 10,000 and the rest was put to purchasing raw materials and house requirements. Sheela is now able to sell each packed kg in the wholesale market at INR 300 and retail market at INR 400. She also believes that the mushrooms are a quite profitable business since it can be cultivated all through the year and in one's backyard!

The effect of entrepreneurship on Sheela's family has been truly life-changing! Single-handedly she has been able to send her two sons to college, one is doing Bsc and the other, engineering. Both Sheela and Vasudeva never imagined to start a business of their own but with time they have gained quite a bit of business acumen. This came through a lot of training and learning.

When asked about her way forward, Sheela wants to invest in a Biotech system that automatically regulates the temperature of the rooms to 25- 30 C and a humidity range of 80 to 95 every day. She also wants to think of creative ways to transport her produce to different districts and further expand her business. Both Sheela and Vasudevva hope to pass on their knowledge to other people who are interested in the business.

One will always find Ambini stirring something in a large black vessel in her backyard. Currently, she is stirring a fresh batch of wax to send to the nearby retail store. Being the multi-tasker that she is, Ambini first wraps the thread around the candle mould that is used as candlewick while stirring the brewing wax in the pot and simultaneously takes out the previous batch from the water that has already been cooled down.

Ambini from Aluva district, Ernakulam got into the candle making business 4 years ago. It was her husband who introduced the idea to her when he saw it taking place at a neighbouring district. Being well versed in starting a business Ambini's husband owns a small retail shop and other small enterprises. He encouraged Ambini to learn and start one of her own. She is also part of Anamika JLG of Belstar with 3 other members. Her partner in the business, Subhashini, is also a member of the same group. Every day they allot some time to make candles after they are done with household work. The candles are made depending on the demand and are order-based. Most of their orders are received from small retail stores, churches and temples around the area. And are extremely busy during festival times. Once, during the festival time at the church which lasted for 10 days, they got an order for INR 7000.

Ambini sells different shapes, sizes and colours of candles, each at a different cost. The candles are competitively priced with the small, white coloured candles are sold for INR 12 for 6 and the big ones are sold INR 24 for 6. Apart from traditional candles, they make coloured designer candles in hues of red and green with different packaging and costs. For every Kg of candles sold at the wholesale market, she earns INR 150. This helps her plan the number of raw materials she needs and amount to be spent. Ambini purchases 30 kgs of material inclusive of the paraffin wax, thread and packaging boxes; every last one is used!

Belstar has been pivotal in aiding the growth of their candle business. Both, Subhashini and Ambini availed a loan of INR 30,000 each for supporting their business. Ambini has used the money to purchase new candle moulds that cost Rs 1500-4000 depending on the size and shape.

The candle business has been quite fruitful for her since anything she purchases is, is earned back in the same amount. Being a JLG member and an entrepreneur has given Ambini the confidence to not just run her business but to analyse the successes and pitfalls of it! She has a clear list of her regular customers and actively identifies retail outlets to sell her candles to!

When asked if she wants to further upscale her business, she says she looks forward to train a team of women to help her scale it with the same quality. She says , "Candle making isn't to be taken lightly because it involves dealing with hot wax and heavy candle moulds! I want to ensure the superior quality when my business grows!".


Case Study
Madhya Pradesh

Shop of Success: Sangeetha's story

Colourful sarees in pink, red and green decorate the entrance of Sangeeta's shop at Dhamnod in Dhar. The entire shop is a sight for sore eyes with a vibrant range of sarees neatly arranged in stacks across the store. Sangeeta travels to Ratlam and Surat almost every other month to hand-pick latest range of sarees and sells them out of her store in Dhamnod. Over the last 6 months, her store has been doing good business and Sangeeta has been able to supplement her husband's income. With three grown-up children (aged 18, 14 and 13), one of whom is in college pursuing B.Sc; it had become essential to have an extra avenue of income. Sangeeta's association with Siddhi Vinayak SHG helped her in getting the first cycle of loan from Belstar of INR 12,000. She set up the shop with it.

Sangeeta was always interested in starting a small business to help her family. As a part of the SHG, she was trained in bangle-making, creating agarbatti and tailoring. But her interest lay in starting a saree shop. Women in her village

mostly wore sarees and the dearth of choices prompted her to start a saree business. She now buys a lot of unique colour combinations and patterns to sell at her store. Her sarees start from INR 200 and go upto INR 600. She earns roughly INR 100 to INR 150 profit on each saree, serving 20 clients on a monthly basis, and her monthly profit is close to INR 5,000.

"I have had a robust business and have been lucky to have been able to repay my earlier loan quite easily. My store has received much word-of-mouth publicity. Now I am eligible for INR 40,000 loan from Besltar and will apply for it soon. I intend to expand our product line to include petticoats, saree falls and even blouse pieces," she says. She also put forth that she currently also stitches saree fall to the garment for clients, who pay for the same.

Being a homemaker for almost two decades, it was only five years ago that Sangeeta decided to do something for herself and joined a SHG in her area. She gained the confidence and the drive to become an entrepreneur as a part of the SHG.

"I have spent almost 18 years just being at home and wanted to step outside and do something for myself. Once I became a part of the SHG, I found the right direction. It took a little while to convince my family but now they are immensely proud of me," finishes Sangeeta.

Dynamic Duo - Deepak & Poonam

In Khajrana, Indore, Deepak Kumar's little eatery, Pooja Sweets has grown from an enterprise run on a cart to one of the more popular joints in the area, spanning 400 sq ft. Pooja Sweets' speciality is a serving of fried 'pakoras' with a glass of piping hot tea. This journey from a small cart to a full-fledged shop is one that Deepak Kumar observes, largely due to financial support from his wife, Poonam.

Deepak and Poonam had been trying to upgrade their business for the last couple of years, but having no legitimitate assets to their name, securing a loan through the bank was a challenge, not to mention the repayment terms would have reduced their profits considerably. Around this time, Poonam was the leader of the Soni Joint Liability Group (JLG), created by Belstar where she regularly engaged in accessing loans and repaying them, along with her group. For many of the women, to meet daily household expenses on a small income, the loans are life-savers.

When she heard about the different product offerings at Belstar, Poonam opted for an Enterprise upgrade loan from Belstar. An initial sum of INR 30000 was put towards expanding the business, followed by a smaller amount of INR 20000. The loans have helped overcoming financial constraints in setting up the enterprise. Now, with an average income of INR 250,000 Per year, Poonam and Deepak are set to scale their enterprise to greater heights.

Bagging her way to success

Hailing from Tiruvannamalai, Rajalakshmi and her two children were dependent on her husband's salary as a driver. However, his income was insufficient to meet the family's expenses. Considering the expenses and responsibilities to be met for their children's education in the present as well as the future, the pressure of a single income began seeping in. Rajalakshmi stepped in and established herself as an entrepreneur. She started a small business in manufacturing cloth bags. These products were sold in different stores in Chennai and at wholesale markets. Rajalakshmi was eagerly looking to expand her business. She fulfilled her goal shortly after becoming a Belstar customer and using its many product offerings to her advantage!

When Rajalakshmi joined the Belstar SHG in 2014, she learned about the Medium, Small and Marginal Enterprises (MSME) Loan, that is aimed at spurring the growth and expansion of businesses. Keeping her initial goal in mind, Rajalakshmi promptly applied for and received the loan of INR 100,000. Using her savings along with the loan, she purchased machinery to speed up the production of the bags and also increase the quantity produced.

Now, Rajalakshmi makes a profit of INR 35000 per month. She also employs four other women to help run the business, enabling and empowering them to become financially independent as well! This is a prime example of how Belstar's model is working to benefit multiple families.

Independent & Determined: Sudhalakshmi's story

Sudhlakshmi from Sivagangai has been a part of the SHG movement in Belstar for quite a few years. In 2009, when her husband passed away due to appendicitis, Sudhalakshmi was left widowed and at the time, expecting a baby in four months. She felt both emotionally and physically drained by the prospect of having to fend for herself and her unborn child. That's when Credit Officer Latha stepped in and took Sudhalakshmi under her wing. She was counselled and motivated to consider running her husband's petty shop. She was further encouraged to take loans from Belstar to expand the business. In 2010, she took her first loan of INR 10000 and put it towards her business. Over the years she has opted for different loan products to increase her product offerings in the shop and thereby, expand the shop. She now sells a variety of products ranging from stationery items and groceries to perishable goods such as dairy products. Apart from her petty shop, she has also undergone the Tailoring Training and hopes to introduce it as a business at some point in the near future!

With the income from her store, she has been able to educate her son and also maintain savings for the future. Sudhalakshmi finds herself a more confident financially independent woman and attributes this to the support she received from Belstar. This is also sheer determination from her part and her need to do more than just survive. Through the skill and business training received, she is able to analyse her own business. Sudhalakshmi has identified the periods of peaks and troughs in her business,giving her clarity to improve and run the store on her terms. There is a lot of power in making one's financial decisions and amidst various responsibilities, Sudhalakshmi is able to support her family and herself unobstructedly.





Management Discussion Analysis

THE YEAR THAT WAS:

Capital infusion Investor stake raise	Branch Expansion	Portfolio Growth
Credit Plus	OD and PAR	Funding-growth and diversity

- FRESH CAPITAL OF ₹ 201.82 CR INFUSED
- MUTHOOT FINANCE LTD (MFL) THE HOLDING COMPANY INCREASED ITS STAKE FROM 66.61% TO 70.01%
- MAJ INVEST FINANCIAL INCLUSION FUND COMES IN AS A NEW INVESTOR WITH A 10% HOLDING

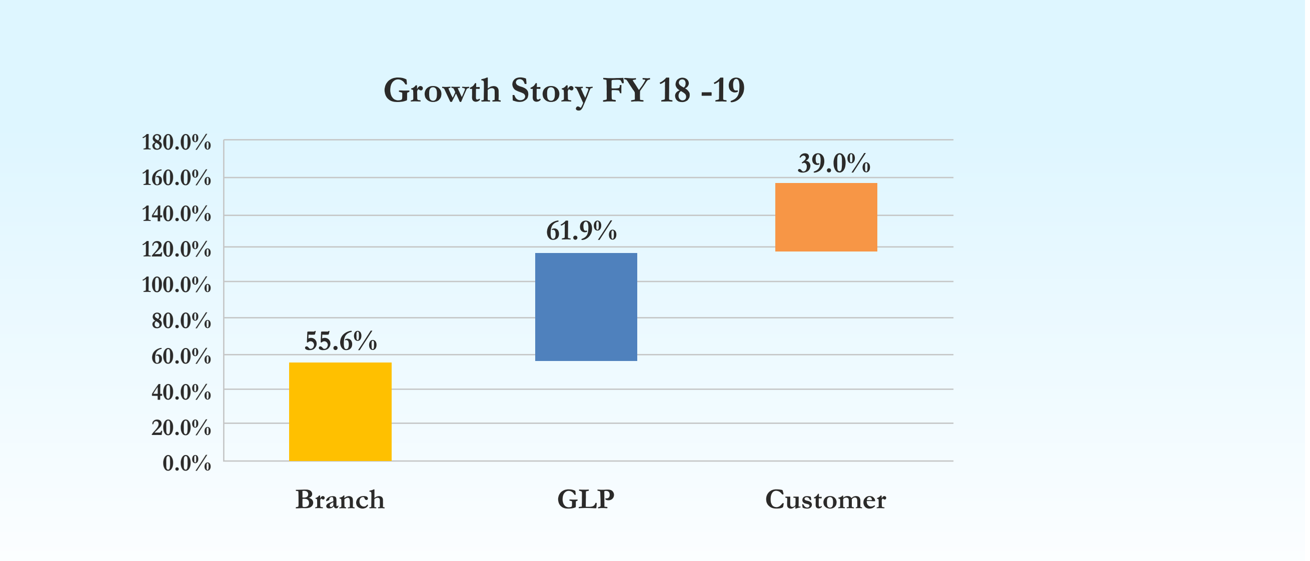
- 130 NEW BRANCHES UNDER SHG AND JLG WERE OPENED IN THE STATES OF GUJARAT, RAJASTHAN, KERALA, KARNATAKA, TAMILNADU AND MADHYA PRADESH; 36 SERVICE PROVIDER BRANCHES WERE OPENED; WITH THIS, THE TOTAL NUMBER OF BRANCHES IS 400 AS AT MARCH 31, 2019.

- GROWTH RATE OF 62% IN GROSS LOAN PORTFOLIO FROM ₹1137.06 CR IN FY 2017-18 TO ₹1840.63 CR IN FY 2018-19.
- CASHLESS DISBURSEMENTS MAINTAINED AT 100% THROUGH THE YEAR

- CONTINUED FOCUS ON CREDIT PLUS ACTIVITIES
- STATE TRAINING OFFICERS AND REGIONAL CREDIT PLUS OFFICERS DELIVERED VARIOUS CREDIT PLUS SERVICES TO OUR CLIENTS
- FOCUS AREAS- TECHNICAL AND BUSINESS SKILL TRAINING, ACCESS TO GOVT.SCHEMES, FULFILL PROCEDURAL REQUIREMENTS, VETERINARY AND HEALTH CAMPS ETC.

- OD AT 14.92 CRS AND PAR >1 DAY AT 29.23 CRS AT 31ST MAR 2019
- PAR >1 IS 1.61% OF GROSS PORTFOLIO IN MAR'19 AS AGAINST 1.62% IN MAR'18
- PAR >1 IS 1.40% IN MAR-19 COMPARED TO MF INDUSTRY PAR OF 1.73%

- BORROWINGS INCREASED BY 30% TO 1492.31 CRS IN MAR 19
- NEW LENDERS- BAJAJ FINSERVE, UNITED BANK OF INDIA, RBL AND SMBC
- REDEEMABLE PREFERENCE SHARE CAPITAL RAISED- ₹ 190 CRS
- SECURITISATION AND DIRECT ASSIGNMENT DEALS CONTINUED TO BE AN IMPORTANT FUNDING MODE



- We are increasing our customer base at an average rate of 42% YoY
- We have ventured into new territories, hence increased our Branch network with much higher rate than previous year

Way Forward for FY 19-20:

As per Microfinance Institutions Network (MFIN) estimates, microfinance currently reaches less than 20% of potential households. So, there is still a large gap to be met in terms of the reach of microfinance for financial inclusion purposes. Banks have limitations in terms of making available last-mile access to credit. NBFC MFIs have fulfilled that role satisfactorily till now and will continue to do so in the medium term.

MFIN has initiated the Code for Responsible Lending (CRL) amongst all lenders. This will bring in increased data sharing and hence aid in better credit decision making by all lenders. Belstar is one among the initial signatories to the CRL.

Given the untapped potential of the MFI segment, Belstar is upbeat on its growth plans for the FY 19-20 and the key planned initiatives are:

- **Expansion:**

The Company has planned to open new branches in Tamilnadu in the unserved regions under the SHG model.

On the JLG business, the company has rebranded the same as PRAGATI (meaning growth), making it a hybrid model incorporating some key aspects of the SHG model like client training and provision of non-financial services. It will expand its business in UP, Bihar and Uttarakhand, besides making further inroads in the states of Gujarat, Maharashtra, Rajasthan, Kerala, MP and Chattisgarh.

New exclusive Small Enterprise loan branches under the hub and spoke model are proposed, initially in TN. Overall branch network set to expand to 520 by Mar 2020.

- **New Products:**

The Company proposes to expand the geographical coverage of Consumer Goods Loan and introduce Emergency loan product.

- **Technology:**
  - Implementation of collection module in Jayam m-FIMO.
  - Implementation of C-KYC compliance.
  - Migration to a state of the art cloud service provider to improve performance and security of our application and database servers.

- **Risk initiatives:**
  - Risk Control matrix implementation
  - Risk processes including LUC through the TAB

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

Place : Chennai
Date : April 22, 2019

sd/
Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

sd/
Mr. S Chandrasekar
Wholetime Director
DIN: 02360909

Report of the Board of Directors

Dearest Shareholders,

Your Directors have great pleasure in presenting the 31st Annual Report of the Company together with the Audited Financial Statements for the year ended March 31, 2019, 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 endeavors.

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, 2019 is summarized below:

(Rs. In Lakhs)

Particulars	FY 2018-19	FY 2017-18	Change (%)
Total Income	36,806.80	21,456.10	71.54
Less: Total Expenditure	26,497.04	17,444.68	51.89
Profit / (Loss) for the year before Taxation	10,309.76	4,011.42	157.01
Less: Tax Expense	3,024.50	1,306.49	131.49
Profit / (Loss) for the year after Taxation	7,285.26	2,704.93	169.33
Earnings per share (INR per share)	23.35	11.61	101.11

*As per MCA Notification dated October 11, 2018, your company prepared the Financial Statements for the year ended March 31, 2019 as per Ind AS. Further the financial for the year ended March 31, 2018 were recast in line with Ind AS.

In this regards the Company changed its accounting policy mainly in the areas of income recognition, impairment provision, fair value computation, depreciation on fixed assets etc, to comply with Ind AS.

DIVIDEND

Dividend on Equity Share Capital:

Based on the Company's performance, your Directors are pleased to recommend for approval of members, a dividend of Rs. 0.50 [i.e. 5.0%] per share on the face value of Rs.10 each on the equity share capital of the company, for the financial year ended March 31, 2019.

The dividend, if approved by members would involve a total cash outflow of Rs 226.16 Lakhs including dividend tax, resulting in a payout of 3.10 % of the current year's net profit of the Company.

Dividend on Preference Share Capital:

The Company paid the Dividend due to the Preference shareholders on time.

TRANSFER TO RESERVES

As per the statutory requirement under Section 45-IC of the Reserve Bank of India Act, 1934 an amount equivalent to 20% of the profit after tax, being Rs. 1457.05 lakhs 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. Authorized Share Capital

During the year under review, the Authorized Share capital of the Company remained at Rs. 100,00,00,000/- (Rupees One Hundred Crores Only) comprising 5,00,00,000 (Five Crores) Equity Shares of Rs. 10/- each and 5,00,00,000 (Five Crores) Preference Shares of Rs. 10/- each.

II. Paid up Capital

During the year under review, your company has raised around Rs.202 Cr by issuing 1,28,73,956 equity shares having face value of Rs.10 each at a price of Rs.156.77 each (including a premium of Rs.146.77 per share) to the existing share holder Muthoot Finance Limited and new investor MAJ Invest Financial Inclusion Fund II K/S on Preferential/Private Placement basis.

The details are as below:

	Name of the Allottee	Date of Transaction	No. of Shares
1	Muthoot Finance Limited	17.07.2018	32,43,184
		16 08 2018	9,56,816
		24 12 2018	45,27,755
2	MAJ Invest Financial Inclusion Fund II K/S	29.08.2018	41,46,201

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, no new NCD's were issued. However, the Company has received the balance amount of Rs.200 Cr in the form of Unsecured Non-Convertible Debentures issued in FY 17-18.

(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 that remain an important source of funding for the Company. Commercial Banks continued their support to the Company during the Financial year. The company received fresh sanctions amounting to Rs 588 Cr during the year under review, out of which the Company availed Rs 450 Cr during FY 18-19.

(c) Asset Securitization / Direct Assignment of receivables:

Your Company has used Securitization/ Direct Assignment mode of funding to improve its asset and liability mix in line with extant guidelines of RBI in this regard.

During the year under review:

1. Gross Securitization done by issuance of Pass Through Certificates (PTCs) - Rs 488.84 Cr
2. Funding through Direct Assignment transaction- Rs 214.83 Cr

OPERATIONAL HIGHLIGHTS

The summary of Operational highlights is as under:

Particulars	Mar 31, 2019	Mar 31, 2018	Change %
No. of States	16	8	100.00
No. of Branches	400	234	70.94
No. of Employees	2,876	1,784	61.21
No of Borrowers	7,98,335	4,90,198	62.86
Gross Portfolio (in Rs Crs)	1,840.63	1,137.06	61.88
- Own	1,265.89	1,076.16	17.63
- Securitised /Managed	574.74	60.90	843.74

This was yet another year when the Company witnessed all-round growth, opened/ taken over branches, acquired significant number of customers serving them through 400 branches pan India. Operations commenced in newer states of Gujarat, and Rajasthan

In addition, a new channel for building business was introduced in the form of Service Providers (SP) in the states of Haryana, Uttar Pradesh, Karnataka, Punjab and Tamil Nadu. These SP were either NBFC-MFI's or NGO and their gross loan outstanding was Rs 35.95 Cr as at Mar 31, 2019 (Included under own portfolio in the above table)

During the year, the Gross Loan Portfolio of the company reached yet another milestone and ended up with Rs. 1840.63 Cr as at Mar 31, 2019. Despite the tight and sometimes unfavourable market conditions, 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.

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

The Company reduced its lending rate on Micro Enterprise Loans from 23.50% to 23% w.e.f April 1, 2019 and further to 22% w.e.f July 1, 2019, to pass on the benefit of reduction in weighted average cost of borrowing to the client.

Dr. N Jeyaseelan who was representing the promoter resigned from the Board w.e.f April 05, 2019 due to his retirement from the Promoter Group entities.

Further, in his place, Mr. Sitaraman Chandrasekar was appointed on April 22, 2019 as Whole time Director representing the promoter group.

The Board recommended the appointment of Mr. Krishnamoorthy Venkataraman (DIN:02443410) as an Independent Director for a term of five years with effect from September 23, 2019 up to September 22, 2024, for approval of the members at the ensuing Annual General Meeting.

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

There is no change in nature of business during the financial year 2018-19.

CREDIT RATING & MICRO FINANCE GRADING

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

Rating Agency	Instrument	Rating	Amount (Rs in Cr)	Dated
CARE	Long Term Bank Facilities	CARE A+	2000	October 29, 2018
	Non-Convertible Debentures	CARE A+	312.5	
	Preference Shares	CARE A(RPS)	50	
ICRA	Non-Convertible Debentures	ICRA A	40	May 14, 2018
	Subordinated Debts	ICRA A	70	
CARE	MFI Grading	MFI 1		Nov 22, 2018
CRISIL	Long Term Bank Facilities	CRISIL A+	50	March 27, 2019
MFR	Social Rating	BB+		April 2019

CAPITAL ADEQUACY

The Capital Adequacy ratio for the year ended March 31, 2019 is 25.88% as against the minimum capital adequacy requirement of 15% by RBI.

DIRECTOR AND KEY MANAGERIAL PERSONNEL

The Board comprised of 9 Directors including 3 Independent Directors as at March 31,2019.

The shareholders vide its 30th Annual General Meeting re-appointed Dr. (Mrs.) Kalpanaa Sankar (DIN:01926545 as Managing Director of the Company for a further period of 5 years from April 01, 2019 to March 31, 2024).

Mr. David Arturo Paradiso (DIN:08181832), who was appointed as an additional Director (nominated by the new shareholder MAJ Invest Financial Inclusion Fund II K/S) holds his office till the conclusion of ensuing Annual General Meeting. The Board recommended his appointment as a Director representing MAJ Invest Financial Inclusion Fund II K/S.

Mr. George M Alexander (DIN:00018384) Non-Executive Director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. A Srinivasan (DIN: 07846141) Independent Director, holds the office of the Independent Director up to the conclusion of ensuing Annual General Meeting, pursuant to his appointment in first term, made by the shareholders at the 29th AGM, held on July 31, 2017 for a period of two years (i.e upto Sept 30, 2019 or 31st AGM whichever is earlier)

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 2018-19 the Board met 7 (Seven) times while the Audit Committee met 5 (Five) 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.

COMPANY'S POLICY RELATING TO DIRECTORS' APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2019, the Board consists of nine members, which includes one Executive Director, five non-Executive Directors and three Independent Directors. The Board periodically evaluates the need for change in its composition and size. The Nomination and Remuneration Committee has formulated the criteria for determining qualification, positive attributes and independence of a Director and recommended to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. The recommendation of the committee was forwarded to the Board for its approval.

The Nomination and Remuneration Committee decided the remuneration of Executive Directors and key managerial personnel on the basis of following criteria;

(a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

BOARD EVALUATION

A formal evaluation of the performance of the Board, the Chairman and the individual Directors as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees was carried out for the financial year 2018-19 led by the Nomination & Remuneration Committee. As part of the evaluation process, the performance evaluation of Board as a whole was done by the Directors of the Board. The performance evaluation of the Promoter Director, Nominee Directors and Non-Independent directors was done by every other Director. The performance evaluation of the Independent Directors was done by the Board excluding the Director being evaluated.

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 states that:

a) in the preparation of the Annual Financial Statements 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 Financial Statements 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,(Firm Reg no 003590S) Chartered Accountants, Chennai, were appointed as Statutory Auditors of the company at the 26th Annual General Meeting held on September 15, 2014 for a period of Five (5) years. They will be completing their first term of five years at the ensuing Annual General Meeting (31st AGM) and are eligible for re-appointment for a further period of five years.

The Audit Committee and Board recommends the appointment of M/s. N. Sankaran & Co., as Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the 36th AGM subject to approval of shareholders in the ensuing Annual General Meeting.

Accordingly, their appointment as Statutory Auditors of the Company is placed for the approval of the members at the ensuing Annual General Meeting.

The Company has received necessary written consent and certificates under Section 139 of the Companies Act, 2013 from the statutory Auditors to the effect that their appointment, if made, shall be in accordance with the conditions specified therein and that they satisfy the criteria as prescribed in Section 141 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014.

The Auditors' Report read along with the Notes on the Financial Statements are self-explanatory and does not call for any further comments. The Auditors Report does not contain any qualification, reservation or adverse remark.

2. Secretarial Auditor:

Pursuant to the requirements 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 2018-19. The Secretarial Audit Report for FY 2018-19 is attached as **"Annexure 1".**

3. Cost Audit:

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

4. Internal Audit:

The Company has its own internal audit team. Each branch is audited at least once a month. Risk areas are identified during each audit and high risk branches were audited at a more frequent basis. Apart from normal audits, special audits, snap audits and surprise audits were also conducted in every branch to review the operations and risk.

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 hosted on the Company's website in the following link: http://belstar.in/investor.php

As on the date of signing this Board Report, the above link has the annual return for the year 2018. The annual return for the year 2019 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.

EXTRACT OF THE ANNUAL RETURN

The extract of annual return as provided under section 92(3) of the Act, in the prescribed form MGT-9 is attached as **"Annexure-2"** to this Report.

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 Statutory Auditor.

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

"In view of the Company being listed Company and a subsidiary of a public company, the Board composition was not in accordance with Section 149(4) of the Companies Act, 2013 till 17th August 2018. The requisite number of Independent Directors were appointed with effect from 18th August 2018".

In response to the observation, the 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 the AOA was suitably amended and approved at the 30th AGM held on August 18, 2018 at which date another Independent Director was appointed.

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 March 31, 2019, with a share-holding of 70.01%.

The Company does not have any subsidiary, Joint Venture or Associate Companies as on March 31, 2019.

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 transactions entered with Related Parties, as defined under the Companies Act 2013, during the year under review, were in the ordinary course of business and at an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act 2013. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time. Details of the related party transactions, which are exempted according to a proviso to Section 188 of the Companies Act 2013 during FY 2018-19 are disclosed in Notes to the financial statements.

The particulars of contracts or arrangements with related parties in Form AOC-2 **(Annexure-3)** 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

Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization. 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. The updated Risk Management Framework of the Company has incorporated various new practices and risk control measures, including setting up of risk limits for various parameters.

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:

(i) Efforts made towards technology absorption:

Technology is being used as a business enabler at Belstar. We are improving our processes and controls with focused technology development and adoption to get better operational efficiencies. The Company has adopted a browser-based application e-FIMO which has the accounts, finance and loan management modules integrated. The e-FIMO has enabled us to have the entire data in a single database and have real time data available without any time lag. Collection efficiency of each branch is tracked on a daily basis. Credit bureau verification is integrated, and the bureau check happens seamlessly. During the year under review, the mobile version m-FIMO was implemented through usage of TAB at field level. The entire loan origination process is now digitized through m-FIMO, and the branches upload the scanned copies of loan application and KYC documents. The Centralised Operations Center (COC) operating out of Chennai, Davanagere, Ahmedabad and Indore, houses the Credit operations team that authenticates correctness of data captured in the field and provides credit sanction based on set parameters.

(ii) Benefits derived as a result of the above efforts: Complete digitization of the data capture, leading to loan processing in a systematic manner, reducing turn-around time for application processing and ensuring portfolio quality.

(iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year): Nil

(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. Nil)

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 2018-19

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. Therefore, the disclosure under rule 8 (5)(vii) of Companies (Accounts) Rules, 2014, is not applicable to the Company.

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. Reviews by internal audit department as well as external agencies are done on a regular basis to ensure compliance and robustness of the internal financial controls.

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, 2019.

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 No. 080-30986000.

a.	the Name of the service provider	*NxtGen Datacenter & Cloud Technologies Private Limited*
b.	the internet protocol address of service provider	*Not applicable*
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 Taluk, Bangalore-562109*

CORPORATE SOCIAL RESPONSIBILITY POLICY

During the FY 2018-19, the Company made a total deployment of Rs. 50,00,000/- 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 -4"**

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of Companies Act,2013 read with Rule 5(1) of the Companies (Companies Appointment and Remuneration of Managerial Personnel) Rules,2014, have been annexed herewith as **"Annexure- 5"** to the Directors' Report.

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-6".**

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has an Anti-Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up in accordance with the act 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 2018-19.

No. of Complaints received: 0
No. of Complaints resolved: 0

DEPOSITS

Your Company is registered with the RBI as a non-deposit taking NBFC- MFI. Your Directors hereby report that the Company has not accepted any public deposits during the year under review and it continues to be a non-deposit taking non-banking financial company in conformity with the guidelines of the RBI.

COMPLIANCE WITH RBI/ SRO/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 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 NBFC-MFI and it doesn't carry on any activities other than those specifically permitted by RBI for NBFC-MFI.

The Company continues to be a member of the SRO- MFIN and strictly adheres to the Code of Conduct, standards, rules and regulations as prescribed by the SRO from time to time.

LISTING

Part of the non-convertible debentures issued by the Company in FY 17-18 have been 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

The Board expresses its deep sense of gratitude to the Government of India, Reserve Bank of India and other regulators for the valuable guidance and support the Company has received from them during the year. The Board would also like to express its sincere appreciation for the co-operation and assistance received from its Shareholders, Lenders and other Business Constituents during the year under review. The Board places on record its appreciation of the dedicated services and contributions made by the employees for the overall performance of the Company.

For and on behalf of the Board of Directors

	sd/	sd/
Place : Chennai	Dr. Kalpanaa Sankar	Mr. S Chandrasekar
Date : July 30, 2019	Managing Director	Wholetime Director
	DIN: 01926545	DIN: 02360909

Annexure to Directors' Report

ANNEXURE - I

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

[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, 2019 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 31 March, 2019 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;[1]

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;[2]

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 / 2018;[3]

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;[4]

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[5]; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 / 2018;[6]

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

a) The Reserve Bank of India (RBI) Act, 1934;

b) The Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 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:

[1]Not applicable to the Company, as the equity shares of the Company are not listed on any stock exchange.

[2]Not applicable to the Company, as the equity shares of the Company are not listed on any stock exchange.

[3]The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, with effect from 11th September 2018.

[4]Not applicable to the Company, as the Company does have any Employee stock option scheme

[5]Not applicable to the Company, as there was no delisting done during the year.

[6]Not applicable to the Company, as there was no buy-back by the Company during the year. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, with effect from 11th September 2018.

- In view of the Company being listed Company and a subsidiary of a public company, the Board composition was not in accordance with Section 149(4) of the Companies Act, 2013 till 17th August 2018. The requisite number of Independent Directors were appointed with effect from 18th August 2018.

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 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. Issued Secured/Unsecured, Rated, Listed/unlisted, Redeemable Non-Convertible Debentures on a Private Placement basis during the period under review.
2. Alteration of Memorandum of Association and Articles of Association.
3. Issued Unsecured, unlisted, Redeemable Non-Convertible Preference shares on a Private Placement basis during the period under review.
4. Issue of Equity shares on a preferential allotment basis during the period under review.

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

sd/

Krishna Sharan Mishra
Partner
FCS 6447; CP 7039

Place : Chennai
Date : April 22, 2019

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

sd/

Krishna Sharan Mishra
Partner
FCS 6447; CP 7039

Place : Chennai
Date : April 22, 2019

ANNEXURE - II

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

1) CIN	:	U06599TN1988PTC081652
2) Registration Date	:	11-01-1988
3) Name of the Company	:	Belstar Investment and Finance Private Limited
4) Category/Sub-Category of the Company	:	Company Limited by Shares/ NBFC-MFI
5) Address of the Registered office and contact details	:	Old No. 14, New No. 33, 48th Street, 9th Avenue Ashok Nagar, Chennai – 600 083 Tel: 044-43414567, Email Id : bifpl@belstar.in
6) Whether listed company:-	:	Yes *Equity shares are not listed. However, NCDs of the Company are listed under Wholesale Debt Market Segment (WDM of BSE).
7) Name, Address and Contact details of	:	Integrated Registry Management Services Pvt Ltd CIN No.U74900TN2015PTC101466 2nd Floor, Kences Towers, No.1, Ramakrishna Street, Off: North Usman Road, T.Nagar, Chennai- 600 017 Mr Suresh Babu K, Director Email Id: corpserv@integratedindia.in Phone: 044-28140801

II. Principal business activities of the company

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

SI. No.	Name and Description of main products /services	NIC Code of the Product/ service	% to total turnover of the company
1	Microfinance And Related Leading Activities	64990	100%

III. Particulars of Holding, Subsidiary and Associate Companies

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Shares held	Applicable Section
1	M/s Muthoot Finance Limited	L65910KL1997PLC011300	HOLDING	70.01%	2(46)

IV. Share - holding Pattern

(Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the Beginning of the year				No. of Shares held at the End of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/ HUF	4,02,774	71,209	473,983	1.92	1,02,774	100	1,02,874	0.27	(1.65)
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt (s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	4,29,472	-	4,29,472	1.74	4,29,472	-	4,29,472	1.15	(0.59)
(e) Banks / F I	-	-	-	-	-	-	-	-	-
(f) Any Other	-	73,25,654	73,25,654	29.73	65,75,397	-	65,75,397	17.52	(12.21)
Sub-total (A) (1):-	**8,32,246**	**73,96,863**	**82,29,109**	**33.39**	**71,07,643**	**100**	**71,07,743**	**18.94**	**(14.45)**
(2) Foreign									
a) NRIs -Individuals	-	-	-	-	-	-	-	-	-
b) Other -Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other.	-	-	-	-	-	-	-	-	-
Sub-total (A) (2) :-	-	-	-	-	-	-	-	-	-
Total shareholding of **Promoter (A) = (A) (1) + (A) (2)**	**8,32,246**	**73,96,863**	**82,29,109**	**33.39**	**71,07,643**	**100**	**71,07,743**	**18.94**	**(14.45)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt	-	-	-	-	-	-	-	-	-
e) Venture Capital funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII/PE Fund	-	-	-	-	41,46,201	-	41,46,201	11.05	11.05
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**-**	**-**	**-**	**-**	**41,46,201**	**-**	**41,46,201**	**11.05**	**11.05**
2. Non-Institutions									
a) Bodies Corporate									
I) Indian	1,64,17,459	-	1,64,17,459	66.61	2,62,66,580	-	2,62,66,580	70.01	3.4
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (Foreigners & NRIs)	-	-	-	-	-	-	-	-	-
Sub total (B)(2):-	**1,64,17,459**	**-**	**1,64,17,459**	**66.61**	**2,62,66,580**	**-**	**2,62,66,580**	**70.01**	**3.4**
Total Public Shareholding **(B)=(B)(1)+ (B)(2)**	**1,64,17,459**	**-**	**1,64,17,459**	**66.61**	**3,04,12,781**	**-**	**3,04,12,781**	**81.06**	**14.45**
C. Shares held by Custodian for GDR and ADR	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**1,72,49,705**	**73,96,863**	**2,46,46,568**	**100**	**3,75,20,424**	**100**	**3,75,20,524**	**100**	**-**

ii. Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1	Dr. Kalpanaa Sankar	4,02,774	1.63	-	1,02,674	0.27	-	(1.36)
2	Ms. D. Bindu	38,842	0.16	-	100	0.00	-	(0.16)
3	Ms. Kamini Dhandapani	32,367	0.14	-	-	-	-	(0.14)
4	Mr. C.V. Sankar	100	0.00	-	100	0.00	-	0.00
5	Capt. P. K. Ayre Trustee of Sarvam Financial Inclusion Trust	73,25,654	29.72	-	65,75,397	17.52	-	(12.20)
6	Hand in Hand Consulting Services Pvt. Ltd.	4,29,472	1.74	-	4,29,472	1.15	-	(0.59)
	Total	**82,29,109**	**33.39**	-	**71,07,743**	**18.94**	-	**(14.45)**

(iii) Change in Promoters' Shareholding

Sl. No	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date of Transaction	Purchase / Sale	No. of Shares	No. of shares	% of total shares of the company
1	Dr. Kalpanaa Sankar	4,02,674	1.63					
	(Transfer of shares to Muthoot Finance Ltd)			04.04.2018	Sale	(3,00,000)		
	At the end of the year	-	-				1,02,674	0.27%
2	Mr. CV Sankar	100	0.00					
	At the end of the year						100	0.00%
3	Ms. D. Bindu	38,842	0.16					
	(Transfer of shares to Sarvam Financial Inclusion Trust)			13.06.2018	Sale	(38,742)		
	At the end of the year						100	0.00%
4	Ms.Kamini Dandapani	32,367	0.14					
	(Transfer of shares to Sarvam Financial Inclusion Trust)			13.06.2018	Sale	(32,367)		
	At the end of the year						Nil	Nil
5	Sarvam Financial Inclusion Trust	73,25,654	29.72					
	(Transfer of shares to Muthoot Finance Ltd)			04.04.2018	Sale	(1,50,000)		
				13.06.2018	Sale	(6,71,366)		
	(Transfer of shares from Ms.Kamini Dandapani and Ms. D. Bindu)			13.06.2018	Purchase	71,109		
	At the end of the year						**65,75,397**	**17.52%**
6	Hand In Hand Consulting Services Private Limited	4,29,472	1.74%	Nil		Nil		
	At the end of the year						**4,29,472**	**1.15%**

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

Sl. No	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date of Transaction	No. of Shares	No. of shares	% of total shares of the company
1	M/s Muthoot Finance Limited	1,64,17,459	66.61%				
	Transfer of shares from Dr. Kalpanaa Sankar			04.04.2018	3,00,000		
	Transfer of shares from Sarvam Financial Inclusion Trust			04.04.2018	1,50,000		
	Transfer of shares from Sarvam Financial Inclusion Trust			13.06.2018	6,71,366		
	Allotment during the year			17.07.2018 16.08.2018 24.12.2018	32,43,184 9,56,816 45,27,755		
	At the end of the year					2,62,66,580	70.01%
2	MAJ Invest Financial Inclusion Fund II	Nil	Nil				
	Allotment during the year			29.08.2018	41,46,201		
	At the end of the year					41,46,201	11.05%

v) Shareholding of Directors and Key Managerial Personnel:

S. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Share-holding at the end of the year		Cumulative Shareholding during	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	No. of shares	% of total shares of the company
1	Dr.Kalpanaa Sankar, Managing Director	4,02,674	1.63	1,02,674	0.27	102,674	0.27
	* The decrease in share-holding % is due to the following reason: 1. On account of sale of stake of 3,00,000 nos equity shares to M/s Muthoot Finance Ltd. 2. No other Director of the Company are holding shares.						
2	Mr. L.Muralidharan, Chief Financial Officer	-	-	-	-	-	-
3	Mr. Sunil Kumar Sahu, Company Secretary	-	-	-	-	-	-

V. Indebtedness

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

Particulars	Secured Loans, Pass through certificates payable excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i)Principal Amount	11,004,716,485	1,230,000,000	-	12,234,716,485
ii)Interest due but not paid	-	-	-	-
iii)Interest accrued but not due	41,794,966	960,000	-	42,754,966
iv)Amortization	(42,151,670)	(18,198,365)	-	(60,350,035)
Total (i+ii+iii+iv)	**11,004,359,781**	**1,212,761,635**	**-**	**12,217,121,417**
Change in Indebtedness during the financial year				
Addition	10,192,560,352	2,190,000,000	-	12,382,560,352
Reduction	(7,587,766,010)	(1,150,000,000)	-	(8,737,766,010)
Net Change	**2,604,794,342**	**1,040,000,000**	**-**	**3,644,794,342**
Indebtedness at the end of the financial year:				
i)Principal Amount	13,609,510,828	2,270,000,000	-	15,879,510,828
ii)Interest due but not paid	-	-	-	-
iii)Interest accrued but not due	98,506,955	2,592,000	-	101,098,955
iv)Amortization	(34,931,880)	(16,132,475)		(51,064,355)
Total (i+ii+iii+iv)	**13,673,085,903**	**2,256,459,525**	**-**	**15,929,545,428**

VI. Remuneration of Directors and Key Managerial Personnel

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

Sl. No.	Particulars of Remuneration	Name of MD	Total Amount (₹)
		Dr. Kalpanaa Sankar	
1.	**Gross salary**		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	90,21,600	90,21,600
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	**Stock Option**	-	-
3.	**Sweat Equity**	-	-
4.	**Commission**		
	- as % of profit		
	- others specify (Incentive)	30,00,000	30,00,000
	Total (A)	**1,20,21,600**	**1,20,21,600**
	Ceiling as per the Act	As per Limits under Schedule V of Companies Act 2013	

B.Remuneration to Other Directors :

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount (₹)
1.	**Independent Directors**	**A. Subramanian**	**Srinivasan**	**Vadakkakara Antony George**			
	a. Fee for attending board committee meetings	₹90,0000	₹8,50,000	₹3,00,000			₹20,50,000
	b. Commission	-	-	-			
	c. Others, please specify	-	-	-			
	Total(1)	₹9,00,000	₹8,50,000	₹3,00,000			₹20,50,000
2.	**Other Non-Executive Directors**	**KR Bijimon**	**George Alexander**	**George M Jacob**	**N.Jeyaseelan**	**David Arturo Paradiso**	
	a. Fee for attending board committee meetings	₹7,20,000	₹2,40,000	₹3,60,000	₹1,05,000	-	₹14,25,000
	b. Commission						
	c. Others, please specify						
	Total(2)	**₹7,20,000**	**₹2,40,000**	**₹3,60,000**	**₹1,05,000**	-	**₹14,25,000**
	Total Managerial Remuneration Total (1+2)						**₹34,75,000**
	Overall Ceiling as per the Act.						N/A

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Details of KMP		
		Mr. L.Muralidharan CFO	Mr. Sunil Kumar Sahu CS	Total Amount (₹)
1.	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36,00,000	10,00,008	46,00,008
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit - others, specify...(Performance Bonus)	- 75,000	- 50,000	- 1,25,000
5.	Others	-	-	-
	Total	**36,75,000**	**10,50,008**	**47,25,008**

VII. Penalties / Punishment/ Compounding of offences:

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

NIL

For and on behalf of the Board of Directors

sd/	sd/
Dr. Kalpanaa Sankar	Mr. S Chandrasekar
Managing Director	Wholetime Director
DIN: 01926545	DIN: 02360909

Place : Chennai.
Date : July 30 2019

ANNEXURE - III

FORM NO. AOC.2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: 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 proviso to section 188

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

a)	Name(s) of the related party and nature of relationship	Muthoot Securities Limited - Common Director
b)	Nature of contracts/arrangements/transactions	Collection of Hospi Cash insurance premium
c)	Duration of the contracts / arrangements/ transactions:	Ongoing, unless terminated by either of the party serving written notice
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Belstar will collect premium amount towards the policy from the clients and transfer the whole amount collected at the end of the day to Muthoot Securities Ltd
e)	Amount paid as advances, if any:	Nil

For and on behalf of the Board of Directors

sd/	sd/
Dr. Kalpanaa Sankar	Mr. S Chandrasekar
Managing Director	Wholetime Director
DIN: 01926545	DIN: 02360909

Place : Chennai.
Date : July 30 2019

ANNEXURE - IV

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]

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

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 Health awareness and vocational skills training programme in the states of Tamil Nadu, Maharashtra, Madhya Pradesh and Karnataka 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:

Our Focus Areas

HEALTH CARE

Good quality health care service is the need of the hour in rural areas. Your Company conducted general medical camps for the benefit of women and their family members in various districts of Tamil Nadu, Maharashtra, Karnataka and Madhya Pradesh. Over 1476 people benefitted in the total of 12 medical camps. Hand in Hand India took the responsibility of providing all necessary logistics including Medicines/ Drugs, Meals, Transport and Medical charges.

SKILL TRAINING

A. Women belonging to Scheduled Caste (SC), Scheduled Tribes (ST) and other vulnerable social groups were provided skill training, which helped in improving the quality of life by providing basic technical skill through training, practice and thereby job creation and income generation.

B. 80 SHG Women Trained in Beauty and Wellness Course at Coimbatore

C. This resulted in increased social awareness, improved self confidence and self-esteem, betterment in their quality of life and help break the poverty cycle in their families, enabling them to make the critical transition from unskilled labor to skilled employment.

Women Empowerment

Your Company provided financial and functional literacy programmes /training to 153 Self-Help Group (SHG) comprising of 1981 members for setting up scalable business enterprises and bringing them out of poverty by improving their economic and financial condition.

1. The CSR Committee for the year under review comprised of Dr. N. Jeyaseelan (Chairman). Mr. A. Subramanian, and Mr.KR Bijimon.

2. 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 2017-18	49,55,57,739
For financial year 2016-17	15,96,85,825
For financial year 2015-16	9,17,83,346
Average profit of 3 preceding financial years	24,90,08,970

4. Prescribed CSR Expenditure:
   2% of the Avg. Net Profits of three preceding financial years is ₹49,80,179

5. Details of CSR spent during the financial year:
   (a) Total amount spent for the financial year: ₹50,00,000
   (b) Amount unspent, if any: Nil
   (c) Manner in which the amount spent during the financial year is detailed below:

Amount in ₹ Lakhs

Sl. No.	CSR project or activity	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 programs Overheads	Cumulative expenditure up to FY 2019	Amount spent: Direct or through implementing agency
			Local area or Other	Specify the State and district where projects or program were undertaken				
1	Medical Health Camp (Healthy Motherhood-Healthy childhood and Caring the poor People)	Health Care	Tamil Nadu, Maharashtra Karnataka and Madhya Pradesh		₹8,50,000	₹8,40,684	₹8,40,684	Amount spent through Hand in Hand India Implementing Agency for CSR
2	Empowering Vulnerable Women through Skill Training and Job Creation	Skill Training	Tamil Nadu, (Coimbatore Area)		₹6,50,000	₹6,50,344	₹6,50,344	
3	Empowering Women Through Social Mobilisation	Skill Training	Tamil Nadu, (Ramanathapuram & Krishnagiri)		₹35,00,000	₹35,08,972	₹35,08,972	
	Total				**₹50,00,000**	**₹50,00,000**		

6. Reasons for not having 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/	sd/
Place : Chennai.	Mr. S Chandrasekar	Dr. Kalpanaa Sankar
Date : July 30, 2019	Chairman -CSR Committee	Managing Director
	DIN: 02360909	DIN: 01926545

ANNEXURE - V

Details of Managerial Remuneration as per Companies Act, 2013

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
I. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Managing Director : 52 : 1
ii. 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 : 20 % Chief Financial Officer : 16 % Company Secretary :20 %
iii. The percentage increase in the median remuneration of employees in the financial year;	15 %
iv. The number of permanent employees on the rolls of company as on March 2019;	2876
v. 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 28.57% and the average increase in the managerial remuneration was 18.99%
vi. 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),& (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:
   A statement showing the name of every employee of the Company, who –

   a) If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One Crore Two Lakh rupees:

Dr. (Mrs) Kalpanaa Sankar , Managing Director

Si No.	Particulars	Disclosure
1	Designation	Managing Director
2	Remuneration received	INR 1.20 Cr
3	Nature of employment, whether contractual or otherwise	Permanent
4	Qualification and Experience	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 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. She has been involved in the self-help group movement for 21 years and has specialized in participatory assessment, gender differentiated impact and monitoring tools. She was the Monitoring and Evaluation Officer for IFAD and was Consultant with UNOPS, UNDP, Christian Aid and Wetlands International. She has also been Consultant with the South African government and supported poverty reduction, job creation and microfinance programmes in Afghanistan and Brazil. She has authored publications on child labour, microfinance and self-help groups. Dr Kalpana Sankar is also the Managing Trustee of Hand in Hand India and has been with the organization since 2004, being one of its co-founders.
5	Date of commencement of employment	19-05-2010
6	Age	55
7	The last employment held	Key Person in Tamil Nadu Women Development Corporation (Govt. Of Tamil Nadu)
8	% of equity shares held	0.27%

b) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight Lakh Fifty Thousand rupees per month; **Nil**

c) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company ; **Nil**

For and on behalf of the Board of Directors

sd/	sd/
Dr. Kalpanaa Sankar	Mr. S Chandrasekar
Managing Director	Wholetime Director
DIN: 01926545	DIN: 02360909

Place : Chennai.
Date : July 30, 2019

ANNEXURE - VI

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Code of Governance

At Belstar, Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. The company does not give Corporate Governance principles as set of binding obligation but believes in using it as a framework to be followed in true spirit.

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. The company believes that sound Corporate governance is critical to enhance and retain the trust of investors. It also seeks to ensure that its performance is driven by Integrity.

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 .As a part of corporate governance various committees were formed to look after the progress made, putting in in place a progressive risk management system, policy and strategy to be followed in conformity with corporate governance standards. A detailed report on the Company's commitment at adopting good Corporate Governance Practices is given below:

I. BOARD OF DIRECTORS

The composition of the Board as at March 31,2019 is detailed below:

REPRESENTING PROMOTER

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

REPRESENTING INVESTORS

1. Mr K.R. Bijimon
2. Mr. George Alexander
3. Mr. George M Jacob
4. Mr. David Arturo Paradiso

INDEPENDENT DIRECTORS:

1. Mr. Ananthanarayanan Subramanian
2. Mr. Srinivasan Aravamuthan Iyengar
3. Mr. Vadakkakara Antony George

The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably elevating the company's value creation. The Company has defined guidelines and an established framework for the meetings of the Board and committees. These guidelines seek to systematize the decision-making process at the meetings of the Board and committees in an informed and efficient manner.

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 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.

Mr. Vadakkakara Antony George was appointed in the capacity of Independent Director by the Shareholders in the 30th Annual General Meeting held on August 18, 2018.

Mr. David Arturo Paradiso was appointed in the capacity of Additional Director w.e.f August 29, 2018.

All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Section 149 and the rules made thereunder of the Companies Act, 2013. All the directors have made necessary disclosures regarding their directorships required under section 184 of the Companies Act, 2013.

As per Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 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 Twenty Companies including Ten Public Limited Companies or act as an Independent Director in more than Seven Listed Companies as on March 31, 2019 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 March 31, 2019.

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 11, 2018, June 29, 2018, July 31, 2018, August 18, 2018, October 30, 2018, December 15, 2018 & January 30, 2019. The requisite quorum was present for all the meetings.

Attendance of each Director at Board Meetings and at the 30th General Meeting (AGM) are as below:

Name of Directors	DIN	No. of Board meetings during the year 2018-19		Attendance at the Annual General Meeting	No. of Directorships in other companies
		Held during their tenure	Meetings Attended		
Mr. A. Subramanian	01777552	7	7	Attended	Nil
Dr. (Mrs) Kalpanaa Sankar	01926545	7	7	Attended	2
Dr. (Mr) N Jeyaseelan	02281278	7	7	Attended	3
Mr. KR Bijimon	00023071	7	6	No	8
Mr. George Alexander	00018384	7	4	No	19
Mr. George M Jacob	00018955	7	5	No	15
Mr. A. Srinivasan	07846141	7	7	Attended	Nil
Mr. Vadakkakara Antony George	01493737	4	3	NA	2
Mr. David Arturo Paradiso	08181832	3	3	NA	2

Presently, the Board has 7 (Seven) 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.

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.COMMITTEES 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 practice s followed by the Company.
- Reviewing, with the management, the quarterly and annual financial statements and Auditors Report thereon before submission to the board for approval.

- 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 performance of statutory and internal auditors, evaluation of the internal control systems including internal financial controls and Risk Management
- Reviewing and monitoring the auditor's independence, performance and effectiveness of audit process.
- 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 30th October 2018 to change the composition of its members on admission of Dr. (Mr.) N Jeyaseelan and Mr. V A George as members.

The Audit Committee comprises of the following members as at March 31, 2019:

1. Mr. A. Subramanian (Chairman of Committee)
2. Mr. A. Srinivasan
3. Mr. V A George
4. Mr. KR Bijimon
5. Dr. (Mr)N Jeyaseelan

The Audit Committee met 5 times during the year: May 11,2018, July 31, 2018, October 30, 2018, December 15, 2018 and January 30, 2019.

Attendance of each Director at Audit Committee Meetings:

Name of Director	Eligible Meetings	No.of audit committee meetings attended
Mr. A. Subramanian	5	5
Mr. A. Srinivasan	5	5
Mr. KR Bijimon	5	5
Dr. (Mr) N Jeyaseelan	2	2
Mr. V A George	2	2

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

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 NRC comprises of the following members as at March 31, 2019:

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

NRC met twice during the year, on May 11, 2018 and August 18, 2018.

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	2	2
Mr. A. Srinivasan	2	2
Mr. George M Jacob	2	1

Performance Evaluation of Independent Directors

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 achieving optimal return on capital employed while maintaining acceptable levels of risk relating to liquidity.
- To address concerns regarding interest rate risk exposure

The RMC comprises of the following members as at March 31, 2019:
1. Mr. A. Srinivasan (Chairman of the Committee)
2. Dr. (Mrs.) Kalpanaa Sankar
3. Dr. (Mr). N Jeyaseelan

The RMC met twice during the year on July 27, 2018 and January 28, 2019.

Attendance of each Director at RMC meetings are as below:

Name of member	Eligible Meeting	No. of risk management committee meetings attended
Dr. (Mrs.) Kalpanaa Sankar	2	2
Dr. (Mr). N. Jeyaseelan	2	1
Mr. A. Srinivasan	2	2

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 March 31, 2019:

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 30, 2018.

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

Name of member	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 2019:
1. Dr. (Mrs.) Kalpanaa Sankar (Chairperson of Committee)
2. Dr. (Mr) N. Jeyaseelan

The Finance Committee met 13 times during the year: May 30, 2018, June 27, 2018, August 30, 2018, September 18, 2018, November 13, 2018, November 20,2018, November 29,2018 December 26, 2018, January 28, 2019, February 13, 2019, February 14, 2019, March 07, 2019 and March 30, 2019. Both the members attended all the meetings.

ASSET LIABLITY MANAGEMENT COMMITTEE (ALMC)

The Asset Liability Management Committee (ALMC) of the Board of Directors Terms of Reference are as below:

- 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 ALMC comprises of the following members:

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

The Committee met once during the year on July 27,2018. All the members attended this meeting.

The ALMC was dissolved from Board Committees and Constituted as part of Management Committee w.e.f July 27,2018.

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 instrument
- Issue of new Certificate on Allotment 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 regarding 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 Securities and any Securities holder's grievances, if necessary.

The SATC comprises of the following as at 31st March 2019:

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

All the resolutions in SATC are approved via circular resolution.

MEETING OF INDEPENDENT DIRECTORS

An Independent Directors meeting in accordance with the provisions of section 149(8) read with schedule IV of the Companies Act, 2013, Secretarial Standards -1 as issued by Institute of Company Secretaries of India was held on May 11, 2018.

REMUNERATION OF DIRECTORS

Managing Director of the Company gets salary including perquisites. Remuneration paid for the year ended March 31, 2019 was as under:

SI. no.	Particulars of Remuneration	Dr. Kalpanaa Sankar Managing Director (Rs.)
1	Salary	90,00,000
2	Provident Fund	21,600
3	Incentive	30,00,000
	Total (A)	**1,20,21,600**
	Ceiling as per the Act	As per Limits under Schedule V of Companies Act 2013

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.

During the year under review, the company is paying only the sitting fees to all the Non-Executive Directors within the ceiling of Rs.1,00,000 per meeting as prescribed under the Companies Act,2013 and the rules made thereunder. 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)		Total (Rs.)
	Board Meeting	Committee Meeting	
Mr. Ananthanarayanan Subramanian	4,20,000	4,80,000	9,00,000
Mr. Srinivasan Aravamuthan Iyengar	4,20,000	4,30,000	8,50,000
Mr. KR Bijimon	3,60,000	3,60,000	7,20,000
Mr. George Alexander	2,40,000	-	2,40,000
Mr. George M Jacob	3,00,000	60,000	3,60,000
Dr. (Mr) Natarajan Jeyaseelan	1,05,000	-	1,05,000
Mr. V A George	1,80,000	1,20,000	3,00,000
Mr. David Arturo Paradiso*	-	-	-

* Mr. David Arturo Paradiso has negated his sitting fees for attending Board Meetings.

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
2018-19	1st EGM for the FY 2018-19	Registered Office of the Company	29th June 2018 at 12.00 P.M	3
2017-18	30th AGM	Registered Office of the Company	18th August 2018 at 2.00 P.M	7
	1st EGM for the FY 2017-18		29th November 2017 at 11.30 A.M	2
2016-17	29th AGM	Registered Office of the Company	31st July 2017 at 11.30 A.M	-
	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	28th AGM	Registered Office of the Company	27th September 2016 at 12.30 P.M	2
	1st EGM for the FY 2015-16		29th April 2015 at 11.00 A.M	3
	2nd EGM for the FY 2015-16		19th March 2016 at 2.30 P.M	1

POSTAL BALLOT

No Postal Ballot was conducted during the year 2018-19.

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.

B. Statutory Compliance, Penalties and Strictures

Some 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. Your Company affirms that no employee has been denied access to the Audit Committee and 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 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 2018-19, 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, 2018	Mint (English)	May 12,2018
Unaudited Results for the Half Year ended on September 30,2018 with Limited Review Report		October 31,2018

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 : Monday, September 23, 2019 at 2.30 p.m

C. Financial Year : April 01, 2018 to March 31, 2019

D. Address of Correspondence

- **Registered Office** : Belstar Investment and Finance Private Limited
  New No.33, Old No. 14, 48th Street
  9th Avenue, Ashok Nagar
  Chennai – 600 083.
- **Corporate Office** : Belstar Investment and Finance Private Limited
  M V Square, No. 4/14 Soundara Pandian Street,
  Ashok Nagar, Chennai - 600 083

E. Stock exchange where the NCDs are listed : Wholesale Debt Market Segment (WDM) of Bombay Stock Exchange, Phiroze Jeejeeboy Towers, Dalal Street, Mumbai - 400 001

F. Stock Code	:	956254	Stock Code	:	957227
Security ID	:	115BIFPL23	Security ID	:	114BIFPL20
ISIN	:	INE443L08032	ISIN	:	INE443L07034
Stock Code	:	956255	Stock Code	:	957390
Security ID	:	115BIFPL23A	Security ID	:	1140BIFPL20
ISIN	:	INE443L08024	ISIN	:	INE443L07042
Stock Code	:	957184	Stock Code	:	957847
Security ID	:	116BIFPL20	Security ID	:	1168BIFPL20
ISIN	:	INE443L07026	ISIN	:	INE443L08081

G. 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 2226593662 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)

H. 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

I. 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

Place : Chennai. Date : July 30, 2019	sd/ Dr. Kalpanaa Sankar Managing Director DIN: 01926545	sd/ Mr. S Chandrasekar Wholetime Director DIN: 02360909

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 – 600083

This is to certify that:

1. We have reviewed the Financial statements and the cash flow statement for the year ended March 31, 2019 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 "IND AS ", 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 they 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 30, 2019	sd/ Dr. Kalpanaa Sankar Managing Director DIN: 01926545	sd/ Mr. L. Muralidharan Chief Financial Officer

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Independent Auditor's Report

To The Members of Belstar Investment and Finance Private Limited

Opinion

We have audited the accompanying Ind AS financial statements of Belstar Investment and Finance Private Limited ("the Company"), comprising of the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss (including other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act 2013, ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, and its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis of Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing issued by the ICAI, as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of Ind AS Financial Statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

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

Information Other than the Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Audit of Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 & 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company did not have any pending litigations, which would impact its financial position in its Ind AS financial statements;

ii. Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

For N. Sankaran & Co
Chartered accountants
(Firm's Registration No.003590S)

Place : Chennai
Date : April 22, 2019

G Muralidharan
Partner
Membership No. 015530

Annexure A to the Independent Auditors' Report

Referred to of even date to the members of Belstar Investment and Finance Private Limited, on the IND AS financial statements for the year ended 31st March 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanation given to us and the books of accounts and other records examined by us in the normal course of the audit, and to the best of our knowledge and belief, we report that

I. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the books/records and the physical fixed assets have been noticed.

II. The Company is a Non-Banking Finance Company (NBFC), primarily engaged in financing activities and it does hold any physical inventories. Accordingly, clause 3(ii) of the order is not applicable.

III. 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.

IV. The clause regarding loans, Investments and Guarantees and security as per provisions of section 185 and 186 of the Companies Act, 2013 not applicable to the Company.

V. In our opinion, the Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the order are not applicable.

VI. The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013. Accordingly, provisions of clause 3(vi) of the order is not applicable to the Company.

VII. The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Goods & Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.

There are no undisputed amounts payable in respect of the above as at March 31, 2019 for a period of more than six months from the date on when they become payable.

There are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax and cess outstanding as at March 31, 2019 on account of any dispute.

VIII. The Company has not defaulted in the repayment of dues to banks and Financial Institutions, debenture holders.

IX. Moneys raised by way debt instruments and term loans were applied for the purposes for which those are raised. The Company did not raise moneys by way of initial public offer or further public offer.

X. To the best of our knowledge and according to the information and explanations given to us, the Company has noticed and reported fraud in the nature of cash defalcation by Officers/Employees amounting to Rs.40,75,804 during the year for which necessary provision has been made.

XI. In our opinion and according to the information and explanations given to us, the Company's status for the year is Deemed Public Company and has accordingly paid/provided managerial remuneration as per provisions of Section 197 of the Act read with Schedule V of Companies Act, 2013.

XII. The Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

XIII. In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

XIV. According to information and explanations given to us, the Company has made preferential allotment of shares by way of private placement in compliance with the requirement 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. In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

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.

For N. Sankaran & Co
Chartered accountants
Firm Regn. No 003590S

sd/

G Muralidharan
Partner
(Membership No. 015530)

Place : Chennai
Date : April 22, 2019

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls Over Financial Reporting 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 Belstar Investment and Finance Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal 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 respective 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.

Auditors' 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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, to the best of our information and according to the explanations given to us, 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, 2019, 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.

For N. Sankaran & Co
Chartered accountants
Firm Regn. No 003590S

sd/

G Muralidharan
Partner
Membership No 015530

Place : Chennai
Date : April 22, 2019

Balance Sheet as at 31 March 2019

(Rs. In Lakhs)

Particulars	Notes	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
I Assets				
1 Financial Assets				
a) Cash and cash equivalents	6	21,882.26	13,265.25	5,331.24
b) Bank Balance other than (a) above	7	10,948.70	7,392.11	5,885.85
c) Trade Receivables	8	84.65	29.29	28.45
d) Loans	9	1,63,876.52	1,13,428.99	56,257.61
e) Investments	10	-	-	6,001.64
f) Other Financial assets	11	5,584.26	705.06	598.48
2 Non-financial Assets				
a) Current tax assets (Net)		139.80	-	-
b) Deferred tax assets (Net)	36	942.35	782.72	170.45
c) Investment Property	12	11.03	11.03	-
d) Property, Plant and Equipment	13	410.11	230.09	201.08
e) Other Intangible assets	14	111.44	152.65	265.50
f) Other non financial assets	15	396.00	355.42	106.65
Total assets		**2,04,387.12**	**1,36,352.61**	**74,846.95**
II. LIABILITIES AND EQUITY				
1. Financial Liabilities				
a) Debt Securities		22,798.83	21,595.55	3,980.00
b) Borrowings (other than debt securities)	16	1,26,432.53	93,017.74	58,704.83
c) Subordinated Liabilities	17	9,053.11	7,130.37	2,000.00
d) Other Financial liabilities	18	4,916.61	579.86	342.60
	19			
2. Non-financial Liabilities				
a) Current tax liabilities (net)		-	509.39	194.40
b) Provisions	20	469.09	302.18	123.64
c) Other non-financial liabilities	21	699.43	653.85	256.34
3. Equity				
a) Equity share capital	22	3,752.05	2,464.66	2,324.66
b) Other equity	23	36,265.47	10,099.01	6,919.48
Total Liabilities and Equity		**2,04,387.12**	**1,36,352.61**	**74,846.95**

Notes on accounts form part of final accounts
As per our Report of even date attached

For and on behalf of Board of Directors

For M/s. N. Sankaran & Co
Chartered Accountants
Firm Regn. No 003590S

sd/
G. Muralidharan
Partner
Membership No 015530

Place : Chennai
Date : April 22, 2019

sd/
Dr. Kalpanaa Sankar
Managing Director
(DIN. 01926545)

sd/
S. Chandrasekar
Wholetime Director
(DIN. 02360909)

sd/
L. Muralidharan
Chief Financial Officer

sd/
Sunil Kumar Sahu
Company Secretary

Statement of Profit and Loss for the year ended 31 March 2019

(Rs. In Lakhs)

	Particulars	Notes	for the year ended 31 Mar 2019	for the year ended 31 Mar 2018
	Revenue from operations			
(i)	Interest income	26	34,613.75	20,953.52
(ii)	Dividend income		-	48.59
(iii)	Sale of services	27	265.87	263.55
(iv)	Net gain on fair value changes on investments	28	646.21	186.99
(v)	Net gain on derecognition of financial instruments		1,185.08	-
(I)	**Total Revenue from operations**		**36,710.91**	**21,452.65**
(II)	Other Income	29	95.89	3.45
(III)	**Total Income (I + II)**		**36,806.80**	**21,456.10**
	Expenses			
(i)	Finance cost	30	14,996.24	10,057.75
(ii)	Fee and commission expenses		56.33	-
(iii)	Impairment of financial instruments	31	1,836.30	1,402.26
(iv)	Employee benefit expenses	32	6,163.22	3,503.33
(v)	Depreciation, amortization and impairment	33	442.01	454.12
(vi)	Other expenses	34	3,002.94	2,027.22
(IV)	**Total Expenses**		**26,497.04**	**17,444.68**
(V)	**Profit/(loss) before tax (III - IV)**		**10,309.76**	**4,011.42**
(VI)	**Tax Expense:**			
	(1) Current tax	35	3,220.74	1,941.20
	(2) Deferred tax charge/ (credit)	36	(196.24)	(634.71)
(VII)	**Profit/(loss) for the period (V-VI)**		**7,285.26**	**2,704.93**
(VIII)	**Other Comprehensive Income**			
	(i) Items that will not be classified to profit or loss			
	Remeasurement gain/ (loss) of defined benefit plans		(50.61)	(41.54)
	Tax impact thereon		14.74	14.37
	Subtotal (A)		**(35.87)**	**(27.16)**
	(ii) Items that will be classified to profit or loss			
	Fair value gain/ (loss) on debt instruments measured at FVOCI		176.31	103.48
	Tax impact thereon		**(51.34)**	**(35.81)**
	Subtotal (B)		**124.97**	**67.67**
	Other Comprehensive Income (A+B)		**89.10**	**40.50**
(IX)	**Total Comprehensive Income for the period (VII+VIII)**		**7,374.36**	**2,745.43**
(X)	**Earnings per equity share**	37		
	Basic (Rs.)		23.35	11.61
	Diluted (Rs.)		23.35	11.61

Notes on accounts form part of final accounts
As per our Report of even date attached

For and on behalf of the Board of Directors

For M/s. N. Sankaran & Co
Chartered Accountants
Firm Regn. No 003590S

sd/
Dr. Kalpanaa Sankar
Managing Director
(DIN. 01926545)

sd/
S. Chandrasekar
Wholetime Director
(DIN. 02360909)

Place : Chennai
Date : April 22, 2019

G. Muralidharan
Partner
Membership No 015530

sd/
L. Muralidharan
Chief Financial Officer

sd/
Sunil Kumar Sahu
Company Secretary

Cash Flow Statement for the year ended March 31, 2019

(Rs. In Lakhs)

Particulars	Notes	for the year ended 31 Mar 2019	for the year ended 31 Mar 2018
Operating activities			
Profit before tax		10,309.76	4,011.42
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation & amortisation	33	442.01	454.12
Impairment on financial instruments	31	917.08	745.88
Finance cost	30	14,996.24	10,057.75
Realised gain on investment held for trading	28	(646.21)	(186.99)
Interest income on deposits	26	(619.64)	(451.78)
Dividend income		-	(48.59)
Operating Profit Before Working Capital Changes		**25,399.24**	**14,581.80**
Working capital changes			
Trade receivables	8	(55.36)	(0.84)
Loans	9	(51,643.85)	(58,020.74)
Other financial asset	11	(4,761.81)	60.78
Other non financial asset	15	(40.58)	(248.78)
Other liabilities		3,548.78	262.11
Provision	20	116.30	137.01
Cash flows from/(used in) operating activities before tax		**(27,437.27)**	**(43,228.66)**
Interest paid on borrowings		(13,858.17)	(9,640.30)
Interest received on deposits	26	502.26	284.42
Income tax paid		(3,869.93)	(1,625.21)
Net cash flows from/(used in) operating activities		**(44,663.11)**	**(54,209.75)**
Investing activities			
Acquisition of fixed and intangible assets		(580.90)	(370.28)
Acquisition of investment property	12	-	(11.03)
Realised gain on investment held for trading		646.21	6,237.22
Proceeds from sale of fixed assets	12	0.29	-
Investment in fixed deposits	7	(3,556.59)	(1,506.26)
Net cash flows from/(used in) investing activities		**(3,490.99)**	**4,349.65**
Financing activities			
Proceeds from issue of shares		20,182.50	700.00
Net receipts from borrowings		36,893.15	57,219.99
Dividend paid on preference shares		(304.54)	-
Dividend paid on equity shares		-	(125.91)
Net cash flows from financing activities		**56,771.11**	**57,794.08**
Net increase in cash and cash equivalents		**8617.01**	**7,934.01**
Net foreign exchange difference			
Cash and cash equivalents at 1 April		13,265.25	5,331.24
Cash and cash equivalents at 31 March	6	**21,882.26**	**13,265.25**

Notes on accounts form part of final accounts
As per our Report of even date attached

For and on behalf of Board of Directors

For M/s. N. Sankaran & Co
Chartered Accountants
Firm Regn. No 003590S

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Dr. Kalpanaa Sankar
Managing Director
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S. Chandrasekar
Wholetime Director
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sd/
G. Muralidharan
Partner
Membership No 015530

Place : Chennai
Date : April 22, 2019

sd/
L. Muralidharan
Chief Financial Officer

sd/
Sunil Kumar Sahu
Company Secretary

Statement of changes in Equity for the year ended 31 March 2019

a. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid

	No. in lakhs	Rs. in lakhs
As at 1 April 2017	**232.47**	**2,324.65**
Issued during the year	14.00	140.00
As at 31 March 2018	**246.47**	**2,464.65**
Issued during the year	128.74	1,287.40
As at 31 March 2019	**375.21**	**3,752.05**

b. Other Equity **(Rs. In Lakhs)**

Particulars	Reserves and Surplus						Total
	Statutory Reserve	Share Premium Account	Debenture redemption reserve	General Reserve	Retained Earnings	Other comprehensive income	
Balance as at April 1, 2017	**515.51**	**4,394.76**	**209.98**	**0.10**	**1,799.12**	-	**6,919.48**
Dividends					(125.91)	-	(125.91)
Transfer to/(from) retained earnings	673.27		673.15		(1,346.42)	-	-
Other Additions/ Deductions during the year							
Premium received during the year		560.00				-	560.00
Profit (loss) for the year after income tax					2,704.93	-	2,704.93
Other Comprehensive Income for the year before income tax					-	61.94	61.94
Less: Income Tax					-	(21.44)	(21.44)
Balance as at 31 March, 2018	**1,188.78**	**4,954.76**	**883.13**	**0.10**	**3,031.72**	**40.50**	**10,099.01**
Dividends	-	-	-	-	-	-	-
Transfer to/ (from) retained earnings	1,457.05	-	(883.13)	-	(676.93)		-
Other Additions / Deductions during the year							
Premium received during the year		18,895.11				-	18,895.11
Profit (loss) for the year after income tax					7,285.26	-	7,285.26
Other Comprehensive Income for the year before income tax					-	125.71	125.71
Less: Income Tax					-	(36.61)	(36.61)
Balance as at 31 March, 2019	**2,645.83**	**23,849.87**	-	**0.10**	**9,640.06**	**129.60**	**36,265.47**

Notes on accounts form part of final accounts
As per our Report of even date attached

For and on behalf of Board of Directors

For M/s. N. Sankaran & Co
Chartered Accountants
Firm Regn. No 003590S

sd/
G. Muralidharan
Partner
Membership No 015530

Place : Chennai
Date : April 22, 2019

sd/
Dr. Kalpanaa Sankar
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sd/
L. Muralidharan
Chief Financial Officer

sd/
Sunil Kumar Sahu
Company Secretary

Notes forming part of Financial Statements

Significant Accounting Policies

1. Corporate Information

Belstar Investment and Finance Private Limited, (the Company) 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, Small Enterprise Loan (SEL) 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 8 December 2016. The company is a Systemically important Non - deposit taking NBFC MFI (NDSI–NBFC-MFI) as at 31 March 2019.

2. Basis of preparation

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

Basis of preparation

For all periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended 31 March 2019 have been prepared for first time in accordance with Ind AS. Refer to Note number 55 on First time adoption to Ind AS for information on how the Company adopted Ind AS.

Basis of measurement

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

Functional and presentation currency

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

3. Significant accounting policies

3.1 Recognition of interest income

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

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

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

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

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

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

3.2 Recognition of income and expenses

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

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

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

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

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

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

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

3.2.1 Dividend income

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

3.3 Financial instruments

3.3.1 Financial asset

Initial recognition

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

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

3.3.2 Initial and subsequent measurement

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

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

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

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

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

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

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

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

The measurement of credit impairment is based on the three-stage expected credit loss model described below in Note 3.6 Impairment of financial assets.
All equity instrument financial assets are classified at initial recognition as FVTPL unless an irrevocable designation is made to classify the instrument as FV-OCI for equities. The FV-OCI for equities category results in all realized and unrealized gains and losses being recognized in OCI with no recycling to profit and loss. Only dividends are recognized in profit and loss.

3.3.3 Financial liabilities

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

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

3.4 Derecognition of financial assets and liabilities

3.4.1 Financial Asset

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

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

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

or

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

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

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

► The Company cannot sell or pledge the original asset other than as security to the eventual recipients

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

A transfer only qualifies for derecognition if either:

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

or

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

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

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

3.4.2 Financial Liability

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

3.5 Offsetting

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

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

3.6 Impairment of financial assets

3.6.1 Overview of the Expected Credit Loss (ECL) principles

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

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

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

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

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

For non-impaired financial instruments

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

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

For impaired financial instruments:

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

3.6.2 The calculation of ECLs

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

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

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

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

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

Forward looking information

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

Write-offs

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

Collateral

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

Impairment of Trade receivables

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

3.7 Determination of fair value

The Company measures financial instruments, such as, investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

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

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

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

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

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

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

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

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

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

3.8 Finance cost

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

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

3.9 Other income and expenses

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

3.10 Cash and cash equivalents

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

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

3.11 Property, plant and equipment

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

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

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

3.11.1 Depreciation

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

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

The estimated useful lives are as follows:

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

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

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

3.12 Intangible assets

The Company's intangible assets consist of computer software.

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

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

Intangible assets are amortised using the Written down value method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a Written down value basis over a period of 3 years keeping residual value 5%.
Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.13 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs. For transition to Ind AS, the company has elected to adopt as deemed cost, the carrying value of investment property as per Indian GAAP less accumulated depreciation and cumulative impairment (if any) as on the transition date of April 1, 2017.

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

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

3.14 Impairment of non-financial assets

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

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

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

3.15 Post employment benefits

3.15.1 Defined contribution schemes

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

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

3.15.2 Defined Benefit schemes

Gratuity

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

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

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

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

3.16 Provisions

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

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

3.17 Taxes

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

3.17.1 Current Tax

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

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

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

3.17.2 Deferred tax

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

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

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

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

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

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

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

3.17.4 Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit can be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

3.18 Contingent Liabilities and Assets

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

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

3.19. Earnings Per Share (EPS)

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

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

3.20 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 April 2017, the Company has determined whether the arrangement contain lease based on facts and circumstances existing on the date of transition.

Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which it is incurred.

3.21 Cash flow statement

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

4. Significant accounting judgements, estimates and assumptions

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

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

4.1 Business Model Assessment

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

4.2 Defined employee benefit assets and liabilities

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

4.3 Fair value measurement:

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

4.4 Impairment of loans portfolio

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

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

4.5 Effective Interest Rate (EIR) method

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

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

4.6 Other estimates

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

5. Standards issued but not yet effective

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 'Leases'. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company is evaluating the requirements of Ind AS 116 and its effect on the financial statements.

6. Cash and cash equivalents

(Rs. In Lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 31 Mar 2017
Cash on hand	151.48	20.11	33.92
Balances with Banks - in current accounts	18,730.78	13,245.14	5,297.32
Bank deposit with maturity of less than 3 months	3,000.00	-	-
Total	**21,882.26**	**13,265.25**	**5,331.24**

Short-term deposits are made for period varying between one day to three months, depending on the immediate cash requirements of the Company, and earn interest at the fixed rate ranging 6.5% p.a to 9.85% p.a.
The Company has not taken any bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and cash equivalent given above.

7. Bank balance other than cash and cash equivalents

(Rs. In Lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 31 Mar 2017
Deposit with original maturity for more than three months but less than twelve months*	1,000.00	-	-
Balances with banks to the extent held as security against the borrowings #	9,948.70	7,392.11	5,885.85
Total	**10,948.70**	**7,392.11**	**5,885.85**

* It earns interest at fixed rate of 9.85% p.a.
# It represents deposits maintained as cash collateral against term loans availed from financial institutions and earns interest at fixed rate ranging from 4% p.a. - 8.82% p.a.

8. Receivables

(Rs. In Lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 31 Mar 2017
(i) Trade receivables			
Receivable considered good - Secured	-	-	-
Receivable considered good - Unsecured	84.65	29.29	28.45
Receivables which have significant increase in credit risk	-	-	-
Receivables - credit impaired	-	-	-
Total	**84.65**	**29.29**	**28.45**
Provision for impairment for:			
Receivable considered good - Unsecured	-	-	-
Receivables which have significant increase in credit risk	-	-	-
Receivables - credit impaired	-	-	-
Total Net receivable	**84.65**	**29.29**	**28.45**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and are generally on terms ranging from 30 days to 60 days from the date of invoice. In 2019, INR Nil (2018: INR Nil) was recognised as provision for expected credit losses on trade receivable.

(Rs. In Lakhs)

Trade receivables / days past due		Current	1-30 days past due	31-60 days past due	61-90 days past due	91-360 days past due	More than 360 days past due	Total
ECL rate		**0%**	**0%**	**0%**	**0%**	**50%**	**100%**	
31 Mar 19	Estimated total gross carrying amount	-	64.92	19.73	-	-	-	84.65
	ECL-Simplified approach	-	-	-	-	-	-	-
	Net carrying amount	-	64.92	19.73	-	-	-	84.65
31 Mar 18	Estimated total gross carrying amount	-	29.29	-	-	-	-	29.29
	ECL-Simplified approach	-	-	-	-	-	-	-
	Net carrying amount	-	29.29	-	-	-	-	29.29
01 Apr 17	Estimated total gross carrying amount	-	28.45	-	-	-	-	28.45
	ECL-Simplified approach	-	-	-	-	-	-	-
	Net carrying amount	-	28.45	-	-	-	-	28.45

9. Loans

(Rs. in Lakhs)

Particulars	As at 31 Mar 2019					As at 31 Mar 2018					As at 1 Apr 2017				
	Amortised Cost	At Fair value			Total	Amortised Cost	At Fair value			Total	Amortised Cost				Total
		Through Other Compre-hensive Income	Through profit or loss	Desig-nated at Through profit or loss			Through Other Compre-hensive Income	Through profit or loss	Desig-nated at Through profit or loss			Through Other Compre-hensive Income	Through profit or loss	Desig-nated at Through profit or loss	
(A)															
i) Receivables under financ-ing activities	1,53,992.98	12,392.67	-	-	1,66,385.65	1,09,518.60	5,201.22	-	-	1,14,719.82	56,797.75	-	-	-	56,797.75
ii) Staff Loan	130.79	-	-	-	130.79	107.37	-	-	-	107.37	46.94	-	-	-	46.94
Total (A) - Gross	**1,54,123.77**	**12,392.67**	**-**	**-**	**1,66,516.44**	**1,09,625.97**	**5,201.22**	**-**	**-**	**1,14,827.19**	**56,844.69**	-	-	-	**56,844.69**
Less : Impairment loss allowance	(2,250.05)	(389.87)	-	-	(2,639.92)	(1,332.96)	(65.24)	-	-	(1,398.20)	(587.08)	-	-	-	(587.08)
Total (A) - Net	**1,51,873.72**	**12,002.80**	**-**	**-**	**1,63,876.52**	**1,08,293.01**	**5,135.98**	**-**	**-**	**1,13,428.99**	**56,257.61**	-	-	-	**56,257.61**
(B)															
I) Secured by tangible as-sets and intangible assets															
II) Covered by Bank / Gov-ernment Guarantees															
III) Unsecured															
i) Receivables under financing activities	1,53,992.98	12,392.67	-	-	1,66,385.65	1,09,518.60	5,201.22	-	-	1,14,719.82	56,797.75	-	-	-	56,797.75
ii) Staff loan	130.79	-	-	-	130.79	107.37	-	-	-	107.37	46.94	-	-	-	46.94
Total (III) - Gross	1,54,123.77	12,392.67	-	-	1,66,516.44	1,09,625.97	5,201.22	-	-	1,14,827.19	56,844.69	-	-	-	56,844.69
Less : Impairment loss allowance	(2,250.05)	(389.87)	-	-	(2,639.92)	(1,332.96)	(65.24)	-	-	(1,398.20)	(587.08)	-	-	-	(587.08)
Total (III) - Net	**1,51,873.72**	**12,002.80**	-	-	**1,63,876.52**	**1,08,293.01**	**5,135.98**	-	-	**1,13,428.99**	**56,257.61**	-	-	-	**56,257.61**
Total (I+II+III) - Net	**1,51,873.72**	**12,002.80**	-	-	**1,63,876.52**	**1,08,293.01**	**5,135.98**	-	-	**1,13,428.99**	**56,257.61**	-	-	-	**56,257.61**
(C)															
i) Public Sector	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Others	1,54,123.77	12,392.67	-	-	1,66,516.44	1,09,625.97	5,201.22	-	-	1,14,827.19	56,844.69	-	-	-	56,844.69
Total (C) - Gross	**1,54,123.77**	**12,392.67**	-	-	**1,66,516.44**	**1,09,625.97**	**5,201.22**	-	-	**1,14,827.19**	**56,844.69**	-	-	-	**56,844.69**
Less: Impairment Loss Allowance (C)	(2,250.05)	(389.87)	-	-	(2,639.92)	(1,332.96)	(65.24)	-	-	(1,398.20)	(587.08)	-	-	-	(587.08)
Total (C)- Net	**1,51,873.72**	**12,002.80**	-	-	**1,63,876.52**	**1,08,293.01**	**5,135.98**	-	-	**1,13,428.99**	**56,257.61**	-	-	-	**56,257.61**

Receivables under financing activities

Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 46 and policies on ECL allowances are set out in Note 3.6.

(Rs. in Lakhs)

Particulars	31 Mar 2019				31 Mar 2018				01 Apr 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade												
Performing												
- High grade	1,63,359.97	-	-	1,63,359.97	1,12,743.10	-	-	1,12,743.10	41,909.98	-	-	41,909.98
- Standard grade	352.10			352.10	344.76	-	-	344.76	14,241.59	-	-	14,241.59
- Sub-standard grade	-	426.17	-	426.17	-	605.25	-	605.25	-	209.02	-	209.02
- Past due but not impaired	-	267.41	-	267.41	-	137.85	-	137.85	-	165.42	-	165.42
Non - performing												
- Individually impaired	-	-	2,110.79	2,110.79	-	-	996.23	996.23	-	-	318.68	318.68
Total	**1,63,712.07**	**693.58**	**2,110.79**	**1,66,516.44**	**1,13,087.86**	**743.10**	**996.23**	**1,14,827.19**	**56,151.57**	**374.44**	**318.68**	**56,844.69**

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

(Rs. in Lakhs)

Particulars	2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**1,13,087.86**	**743.10**	**996.23**	**1,14,827.19**	**56,151.57**	**374.44**	**318.68**	**56,844.69**
New assets originated or purchased	1,35,826.11	-	-	**1,35,826.11**	99,366.95	-	-	**99,366.95**
Assets derecognised or repaid (excluding write offs)	(82,134.41)	(787.83)	(661.04)	**(83,583.28)**	(40,510.16)	(96.19)	(244.08)	**(40,850.43)**
Transfers to Stage 1	155.39	(149.67)	(5.72)	-	24.38	(23.17)	(1.21)	-
Transfers to Stage 2	(1,121.77)	1,122.99	(1.22)	-	(804.30)	805.61	(1.31)	-
Transfers to Stage 3	(2,101.11)	(235.01)	2,336.13	-	(1,140.58)	(317.59)	1,458.17	-
Amounts written off	-	-	(553.58)	**(553.58)**	-	-	(534.02)	**(534.02)**
Gross carrying amount closing balance	**1,63,712.07**	**693.58**	**2,110.79**	**1,66,516.44**	**1,13,087.86**	**743.10**	**996.23**	**1,14,827.19**

Reconciliation of ECL balance is given below:

(Rs. in Lakhs)

Particulars	2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance opening balance	**465.50**	**2.35**	**930.35**	**1,398.20**	**265.29**	**3.11**	**318.68**	**587.08**
New assets originated or purchased	2,190.99			**2,190.99**	1,612.89			**1,612.89**
Assets derecognised or repaid (excluding write offs)	(289.37)	(2.80)	(103.51)	**(395.68)**	(179.12)	(1.40)	(87.23)	**(267.75)**
Transfers to Stage 1	5.81	(0.51)	(5.30)	-	16.59	(1.41)	(15.18)	-
Transfers to Stage 2	(3.34)	4.46	(1.12)	-	(1.87)	2.14	(0.27)	-
Transfers to Stage 3	(1,609.54)	0.88	1,608.66	-	(1,248.29)	(0.09)	1,248.38	-
Impact on year end ECL of exposures transferred between stages during the year	-	-		-	-	-		-
Changes to models and inputs used for ECL calculations	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-	-
Amounts written off	-	-	(553.58)	**(553.58)**	-	-	(534.02)	**(534.02)**
ECL allowance closing balance	**760.04**	**4.39**	**1,875.50**	**2,639.92**	**465.50**	**2.35**	**930.35**	**1,398.20**

ECL provision is not created on staff loan as there is no credit risk. Any amount due if not paid is deducted from salary.

Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has sold some loans and advances measured at fair value through other comprehensive income, as a source of finance. As per terms of the deal, risk and reward has been transferred to the customer. Hence, as per the derecognition criteria of IND AS 109, including transfer of substantially all risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised.

The table below summarises that carrying amounts of the derecognised financial assets

(Rs. In lakhs)

Particulars	31 Mar 2019	31 Mar 2018	01 Apr 2017
Carrying amount of derecognised financial assets	21,483.00	-	-
Gain/(loss) from derecognition	1,185.08	-	34.54

Transferred financial assets that are not derecognised in their entirety

The Company uses securitisations as a source of finance and a means of risk transfer. The Company securitised its microfinance loans to different entities. These entities are not related to the Company. Also, the Company neither holds any equity or other interest nor control them. As per the terms of the agreement, the Company is exposed to first loss amounting to 5% to 10% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying microfinance loans. These receivables are not derecognised and proceeds received are recorded as a financial liability under borrowings. The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(Rs. In lakhs)

Particulars	31 Mar 2019	31 Mar 2018	01 Apr 2017
Carrying amount of assets re - recognised due to non transfer of assets	39,644.10	7,098.75	-
Carrying amount of associated liabilities	36,177.62	6,699.83	-

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

Interest in unconsolidated structured entity

These are entities which are not consolidated because the Company does not control them through voting rights, contract, funding agreements, or other means.

The following table describes the types of structured entities that the Company does not consolidate but in which it holds an interest.

Type of Structured Entity	Nature and Purpose	Interest held by the Company
Securitisation Vehicle for loans	To generate - funding for the Company's lending activities - Spread through sale of assets to investors - Fees for servicing loan	- Servicing fee - Credit Enhancement provided by the Company - Excess interest spread

(Rs. In lakhs)

Particulars	31 Mar 2019	31 Mar 2018	01 Apr 2017
Aggregate value of accounts sold to securitisation company	49,161.94	9,800.75	-
Aggregate consideration	43,492.16	8,472.26	-
Quantum of credit enhancement in the form of deposits	2,842.31	407.86	-
Servicing fees	45.00	15.00	-

10. Investments

(Rs. In lakhs)

Particulars	As at 31 Mar 2019: Amortised cost	As at 31 Mar 2019 At fair value: Through Other Comprehensive Income	As at 31 Mar 2019 At fair value: Through profit or loss	As at 31 Mar 2019 At fair value: Designated at Through profit or loss	As at 31 Mar 2018: Amortised cost	As at 31 Mar 2018 At fair value: Through Other Comprehensive Income	As at 31 Mar 2018 At fair value: Through profit or loss	As at 31 Mar 2018 At fair value: Designated at Through profit or loss	As at 1 Apr 2017: Amortised cost	As at 1 Apr 2017 At fair value: Through Other Comprehensive Income	As at 1 Apr 2017 At fair value: Through profit or loss	As at 1 Apr 2017 At fair value: Designated at Through profit or loss
i) Mutual funds	-	-	-	-	-	-	-	-	-	-	6,001.64	-
Total Gross (A)	-	-	-	-	-	-	-	-	-	-	6,001.64	-
i) Overseas investments	-	-	-	-	-	-	-	-	-	-	-	-
ii) Investments in India	-	-	-	-	-	-	-	-	-	-	6,001.64	-
Total Gross (B)	-	-	-	-	-	-	-	-	-	-	**6,001.64**	-
Less : Allowance for impairment loss (C)	-	-	-	-	-	-	-	-	-	-	-	-
Total - Net D = (A) - (C)	-	-	-	-	-	-	-	-	-	-	6,001.64	-

Particulars of mutual fund investment

(Rs. in lakhs)

Particulars	31 Mar 2019	31 Mar 2018	01 Apr 2017
Hdfc Liquid Fund-Regular Plan-Dividend Daily Reinvest - 294,275 Units Of Rs.1,000 Each (PY: Nil Units)	-	-	3,001.07
Kotak Liquid Fund-Regular Plan-Daily Dividend- 81794 Units Of Rs.1,000 Each (PY: Nil Units)	-	-	1,000.19
Icici Prudential Money Market Fund-Daily Dividend 1,997,792 Units Of Rs. 100 Each (PY: Nil Units)	-	-	2,000.38
Total	-	-	**6,001.64**

Dividend income received as on 31 March 2019 is Rs. Nil as all investment income denotes capital gain from debt fund growth option plan. However, the Company has received dividend income during 31 March 2018 of Rs. 48.59 Lakhs from its FVTPL securities.

11: Other financial assets

(Rs. In lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 01 Apr 2017
Rent deposits	132.46	74.19	43.71
Overcollateralisation on direct assignment	2,168.10	32.72	89.45
Interest only strip	1,185.08	-	33.37
Servicing asset	-	-	1.16
Interest accrued on fixed deposits with banks	715.54	598.15	430.79
Collection receivable	1,383.08	-	-
Total	**5,584.26**	**705.06**	**598.48**

12: Investment property

(Rs. in lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 01 Apr 2017
Gross carrying amount			
Opening gross carrying amount	11.03	11.03	-
Addition during the year	-	-	-
Disposal	-		-
Closing gross carrying amount	**11.03**	**11.03**	
Accumulated depreciation			
Opening accumulated depreciation amount	-	-	-
Depreciation charged during the period	-	-	-
Closing accumulated depreciation amount	-	-	-
Net carrying amount	**11.03**	**11.03**	-

The fair value of investment property is Rs. 11.57 lakhs (31 March 2018: Rs. 11.13 lakhs) as determined by an external independent property valuer having appropriate recognised professional qualifications.

13: Property, plant and equipment

(Rs. In lakhs)

Particulars	Office equipment	Computers	Furniture & Fixtures	Vehicles	Total
Deemed Cost:					
At 1 April 2017	17.91	141.32	27.79	14.07	201.08
Additions	23.63	183.91	31.65	-	239.19
Disposals	-	-	-	-	-
At 31 March 2018	**41.54**	**325.23**	**59.44**	**14.07**	**440.27**
Additions	137.45	257.59	50.99	-	446.03
Disposals	0.29	-	-	-	0.29
At 31 March 2019	**178.70**	**582.82**	**110.43**	**14.07**	**886.01**
Depreciation					
Depreciation charge for the year ended 31 March 2018	23.30	152.83	29.29	4.77	210.19
At 31 March 2018	**23.30**	**152.83**	**29.29**	**4.77**	**210.19**
Disposals	0.21	-	-	-	0.21
Depreciation charge for the year	49.64	167.68	45.46	3.14	265.92
At 31 March 2019	72.73	320.51	74.75	7.91	475.90
Net book value:					
At 1 April 2017	**17.91**	**141.32**	**27.79**	**14.07**	**201.08**
At 31 March 2018	**18.24**	**172.40**	**30.15**	**9.30**	**230.09**
At 31 March 2019	**105.97**	**262.31**	**35.68**	**6.16**	**410.11**

14: Other Intangible Assets

(Rs. In lakhs)

Particulars	Computer Software
Deemed Cost:	
At 1 April 2017	265.50
Additions	131.08
Disposals	-
At 31 March 2018	**396.58**
Additions	134.87
Disposals	-
At 31 March 2019	**531.45**
Amortisation:	
Amortisation charge for the year	243.93
At 31 March 2018	**243.93**
Disposals	-
Amortisation charge for the year	176.08
At 31 March 2019	**420.01**
Net book value:	
At 1 April 2017	**265.50**
At 31 March 2018	**152.65**
At 31 March 2019	**111.44**

Notes

1. For tangible assets existing as on the date of transition to Ind AS, i.e., 1st April 2017, the Company has used previous GAAP carrying value as deemed cost.

2. During the previous year ended 31st March 2018, the Company has reclassified a Land having gross and net carrying amount of Rs. 11.03 lakhs as investment property.

3. The Company has adopted the method of depreciation on property, plant and equipment and other intangible asset from SLM to WDV from 1 April 2017. Management believes that such change provides reliable and more relevant information as it deals more accurately with expected pattern of consumption of the future economic benefits embodied in a depreciable asset. The impact is given below:

a) The effect on property, plant and equipment in the year 2017-18 has resulted in a decrease in the carrying amount of property, plant and equipment by Rs. 85.05 lakhs; increase in deferred tax asset by Rs. 29.43 lakhs; increase in depreciation expense by Rs. 85.05 lakhs; and decrease in tax expense by Rs. 29.43 lakhs.

b) The effect on other intangible assets in the year 2017-18 has resulted in a decrease in the carrying amount of other intangible asset by Rs. 104.86 lakhs; increase in deferred tax asset by Rs. 36.29 lakhs; increase in depreciation expense by Rs. 104.86 lakhs; and decrease in tax expense by Rs. 36.29 lakhs.

15: Other Non-financial assets

(Rs. In lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2019	As at 1 Apr 2017
Prepaid expenses	162.43	56.08	81.33
Service Tax recoverable	-	-	13.84
Insurance claim receivable	63.71	82.73	-
Other Receivables	169.86	216.62	11.48
Total	**396.00**	**355.42**	**106.65**

16: Debt Securities

(Rs. In lakhs)

Particulars	As at 31 Mar 2019			As at 31 Mar 2018			As at 1 Apr 2017		
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	At amortised cost	At fair value through profit or loss	Designated at Through profit or loss	Amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss
Bonds/ Debentures									
Secured Non-Convertible Debentures	9,313.26	-	-	16,607.91	-	-	3,980.00	-	-
Unsecured Non-Convertible									
Debentures -Listed	13,485.57	-	-	4,987.64	-	-	-	-	-
Total (A)	**22,798.83**	**-**	**-**	**21,595.55**	-	-	**3,980.00**	-	-
Debt securities in India	22,798.83	-	-	21,595.55	-	-	3,980.00	-	-
Debt securities outside India	-	-	-	-	-	-	-	-	

Details of Redeemable Non-Convertible Debentures

(Rs. In lakhs)

Particulars	Outstanding Balance as at			Date of redemption	Nominal value per debenture #	Total number of debentures #
	31 Mar 19	Mar 18	01 Apr 17			
Secured Non-Convertible Debentures						
12% Senior, Secured, Redeemable, Rated, Unlisted, Taxable, Non-Convertible Debentures	1,330.30	2,656.90	3,980.00	30-03-2020	10,00,000.00	400.00
11.4% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	5,482.96	9,451.01	-	15-06-2020	1,00,000.00	5,000.00
11.6% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	2,500.00	4,500.00	-	22-05-2020	1,00,000.00	5,000.00
Total	**9,313.26**	**16,607.91**	**3,980.00**			
Unsecured Non-Convertible Debentures -Listed						
11.68% Unsecured, Fully Paid, Rated, Listed, Senior, Redeemable, Taxable, Non-Convertible Debentures	13,485.57	4,987.64	-	26-03-2020	10,00,000.00	2,500.00
Total	**13,485.57**	**4,987.64**	-			

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

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

17: Borrowings (other than debt securities)

(Rs. In lakhs)

Particulars	As at 31 Mar 2019				As at 31 Mar 2018			As at 1 Apr 2017	
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	At amortised cost	At fair value through profit or loss	Designated at Through profit or loss	At Amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss
(a) Term loan									
(i) from banks #	77,344.18	-	-	65,858.92	-	-	27,581.98	-	-
(ii) from NBFC	12,302.06	-	-	19,768.07	-	-	30,456.81	-	-
(iii) Pass through certificates payable	36,177.62	-	-	6,699.83	-	-	-	-	-
(b) Loans repayable on demand									
(i) from banks (OD & CC)									
Cash Credit ##	608.68	-	-	690.92	-	-	666.04	-	-
Total (A)	**1,26,432.53**	-	-	**93,017.74**	-	-	**58,704.83**	-	-
Borrowings in India	1,26,432.53	-	-	93,017.74	-	-	58,704.83	-	-
Borrowings outside India	-	-	-	-	-	-	-	-	-
Total (B)	**1,26,432.53**	-	-	**93,017.74**	-	-	**58,704.83**	-	-

Secured by way of specific charge on receivables created out of the proceeds of the loan.

Secured by hypothecation of Receivables under Financing activity.

18: Subordinated Liabilities

(Rs. In lakhs)

Particulars	As at 31 Mar 2019			As at 31 Mar 2018			As at 1 Apr 2017		
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	At amortised cost	At fair value through profit or loss	Designated at Through profit or loss	At Amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss
Preference Shares other than those that qualify as Equity	5,000.00	-	-	3,100.00	-	-	-	-	-
Subordinated Debt (Tier II Capital)	1,700.00	-	-	1,700.00	-	-	1,000.00	-	-
Subordinated Debt - Listed	2,353.11	-	-	2,330.37	-	-	1,000.00	-	-
Total (A)	**9,053.11**	-	-	**7,130.37**	-	-	**2,000.00**	-	-
Subordinated Liabilities in India	9,053.11	-	-	7,130.37	-	-	2,000.00	-	-
Subordinated Liabilities outside India	-	-	-	-	-	-	-	-	-
Total (B)	**9,053.11**	-	-	**7,130.37**	-	-	**2,000.00**	-	-

Details of Redeemable Preference Shares

(Rs. In lakhs)

Particulars	31 Mar 2019		31 Mar 2018	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	310.00	3,100.00	-	-
Issued during the year	190.00	1,900.00	310.00	3,100.00
Outstanding at the end of the year	500.00	5,000.00	310.00	3,100.00

1. During the financial year 2017-18, Company has privately placed 31,000,000 Rated Non-Convertible, Redeemable Cumulative Preference Shares of Rs. 10 each aggregating to Rs. 310,000,000 having fixed rate of dividend of 10.25% p.a. starting from 29th November 2017 to 18 September 2018. The Company has a call option to roll over the redemption and roll over upto 31st May 2019 with a fixed dividend of 10.50% p.a. from 19th September 2018 to 31 May 2019.

2. During financial year 2018-19, Company has privately issued 19,000,000 Rated Non-Convertible Redeemable Cumulative Preference Shares of Rs. 10 each aggregating to Rs. 190,000,000 having fixed rate of Dividend of 10.25% p.a for a period starting from 29th June 2018 to 10th April 2019. The Company has a call option to roll over the redemption and roll over upto 27th December 2019 with a fixed dividend of 10.50% p.a from 11th April 2019 to 27th December 2019.

Details of Redeemable Subordinated Debt

(Rs. In lakhs)

Particulars	Outstanding balance as at			Date of redemption	Nominal value per debenture #	Total number of debentures #
	31 Mar 19	31 Mar 18	01 Apr 17			
Subordinated Debt (Tier II Capital)						
12% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	700.00	700.00	-	31-07-2023	10,00,000.00	70.00
15% Unsecured, Subordinated, Redeemable, Non-Convertible Debentures	1,000.00	1,000.00	1,000.00	29-03-2021	10,00,000.00	100.00
Total	**1,700.00**	**1,700.00**	**1,000.00**	**1,000.00**		
Subordinated Debt - Listed						
11.5% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures	2,353.11	2,330.37	1,000.00	31-05-2023	10,00,000.00	2,50,000.00
Total	**2,353.11**	**2,330.37**	**1,000.00**	**1,000.00**		

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

Terms of repayment of long term borrowings outstanding as at 31 March 2019
Maturity pattern of Debt securities

(Rs. In lakhs)

Type of Loan	Secured - NCD	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
Original Maturity of loan	Interest rate	No of Install-ments	Amount		Amount	No of In-stallments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount
Monthly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	12.00	5,985.27	4.00	1,997.68			-	-	-	-	-	-	**16.00**	**7,982.95**
	12%-14%	7.00	14,482.81	1.00	333.06			-	-	-	-	-	-	**8.00**	**14,815.87**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		**19.00**	**20,468.08**	**5.00**	**2,330.74**	-	-	-	-	-	-	-	-	**24.00**	**22,798.82**

Terms of repayment of long term borrowings outstanding as at 31 March 2019
Maturity pattern of of term loan from Bank

(Rs. In lakhs)

Type of Loan	Term Loan Bank	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
Original Maturity of loan	Interest rate	No of Install-ments	Amount	No of Install-ments	Amount	No of In-stall-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount
Monthly repayment schedule	8%-10%	36.00	1,345.69	15.00	723.83		-	-	-	-	-	-	-	**51.00**	**2,069.52**
	10%-12%	152.00	10,072.45	53.00	4,844.46	20.00	1,995.46	1.00	83.84	-	-	-	-	**226.00**	**16,996.21**
	12%-14%	9.00	1,177.37	4.00	1,086.66	-	-	-	-	-	-	-	-	**13.00**	**2,264.03**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Quarterly repayment schedule	8%-10%	12.00	3,236.43	8.00	2,183.10	-	-	-	-	-	-	-	-	**20.00**	**5,419.53**
	10%-12%	155.00	33,909.74	59.00	12,773.47	12.00	2,719.55			-	-	-	-	**226.00**	**49,402.76**
	12%-14%	14.00	1,192.12	-	-	-	-	-	-	-	-	-	-	**14.00**	**1,192.12**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Half yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**378.00**	**50,933.80**	**139.00**	**21,611.52**	**32.00**	**4,715.01**	**1.00**	**83.84**	**-**	**-**	**-**	**-**	**550.00**	**77,344.17**

Terms of repayment of long term borrowings outstanding as at 31 March 2019
Maturity pattern of term loan from NBFC

(Rs. In lakhs)

Type of Loan	Term Loan NBFC	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
Original Maturity of loan	Interest rate	No of Install-ments	Amount	No of Install-ments	Amount	No of In-stall-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount
Monthly repayment schedule	8%-10%	12.00	1,269.93		-	-	-	-	-	-	-	-	-	**12.00**	**1,269.93**
	10%-12%	62.00	4,405.70	34.00	2,432.84	10.00	819.68	-	-	-	-	-	-	**106.00**	**7,658.23**
	12%-14%	35.00	2,749.62		-	-	-	-	-	-	-	-	-	**35.00**	**2,749.62**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Quarterly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	10%-12%	4.00	499.32	1.00	124.96		-	-	-	-	-	-	-	**5.00**	**624.28**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Half yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total		**113.00**	**8,924.58**	**35.00**	**2,557.80**	**10.00**	**819.68**	**-**	**-**	**-**	**-**	**-**	**-**	**158.00**	**12,302.06**

Terms of repayment of long term borrowings outstanding as at 31 March 2019

Maturity pattern of Pass through certificates (PTC) payables

(Rs. In lakhs)

Type of Loan	PTC	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
Original Maturity of loan	Interest rate	No of Install-ments	Amount	No of Install-ments	Amount	No of In-stall-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount
Monthly repayment schedule	8%-10%	100.00	29,997.82	17.00	3,330.20	-	-	-	-	-	-	-	-	117.00	33,328.02
	10%-12%	12.00	2,820.52	1.00	29.07	-	-	-	-	-	-	-	-	13.00	2,849.59
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		112.00	32,818.34	18.00	3,359.27	-	-	-	-	-	-	-	-	130.00	36,177.61

Maturity Pattern of Cash Credit

(Rs. In lakhs)

Type of Loan	Cash Credit	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
Original Maturity of loan	Interest rate	No of Install-ments	Amount	No of Install-ments	Amount	No of In-stall-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount
Monthly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	1.00	608.68	-	-	-	-	-	-	-	-	-	-	1.00	608.68
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		1.00	608.68	-	-	-	-	-	-	-	-	-	-	1.00	608.68

Terms of repayment of long term borrowings outstanding as at 31 March 2019

Maturity pattern of Subordinated NCD

(Rs. In lakhs)

Type of Loan	Un Secured - NCD	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
Original Maturity of loan	Interest rate	No of Install-ments	Amount	No of Install-ments	Amount	No of In-stall-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount	No of Install-ments	Amount
Monthly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%					-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	2.00	3,053.11	-	-	2.00	3,053.11
	12%-14%	1.00	5,000.00	-	-	-	-	-	-	-	-	-	-	1.00	5,000.00
	14%-15%	-	-	1.00	1,000.00	-	-	-	-			-	-	1.00	1,000.00
Total		1.00	5,000.00	1.00	1,000.00	-	-	-	-	2.00	3,053.11	-	-	4.00	9,053.11

19: Other Financial liabilities

(Rs. In lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Interest accrued but not due on borrowings	1,010.99	427.55	182.13
Preference dividend	377.35	127.24	-
Direct assignment portfolio collection payable	1,723.09	25.07	160.47
Margin on buyout	1,805.18	-	-
Total	**4,916.61**	**579.86**	**342.60**

20: Provisions

(Rs. In lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Provision for employee benefits			
- Gratuity	54.57	55.58	28.38
- Bonus	318.47	191.54	95.26
For others	96.05	55.06	-
Total	**469.09**	**302.18**	**123.64**

Movement of provisions other than employee benefit during the year:
The movement in provisions during 2018-19 and 2017-18 is, as follows:

(Rs. In lakhs)

Particulars	Others Amount
At 1 April 2017	-
Arising during the year	55.06
Utilized during the year	-
At 31 Mar 2018	**55.06**
Arising during the year	40.99
Utilized during the year	-
At 31 Mar 2019	**96.05**

21: Other Non-financial liabilities

(Rs. In lakhs)

Particulars	As at 31 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Statutory dues payable	158.29	125.33	89.45
Employees payable	251.16	137.53	22.01
Insurance premium payable	65.41	194.49	90.04
Other non financial liabilities	224.57	196.50	54.86
Total	**699.43**	**653.85**	**256.34**

22: Equity share capital

(Rs. In lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Authorised:	5,000.00	6,900.00	2,500.00
5,00,00,000 (PY 6,90,00,000) Equity Shares of Rs.10/- each			
Issued, subscribed and fully paid up 375,20,524 (PY 246,46,568) Equity Shares of Rs.10/- each	3,752.05	2,464.66	2,324.66
Total Equity	**3,752.05**	**2,464.66**	**2,324.66**

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

(Rs. In lakhs)

Particulars	No. in lakhs	Rs. in lakhs
As at 1 April 2017	**232.47**	**2,324.65**
Issued during the year	14.00	140.00
As at 31 March 2018	**246.47**	**2,464.65**
Issued during the year	128.74	1,287.40
As at 31 March 2019	**375.21**	**3,752.05**

Terms/ rights attached to equity shares

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

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

Particulars	31 Mar 2019		31 Mar 2018		01 Apr 2017	
	No. in lakhs	% holding in the class	No. in lakhs	% holding in the class	No. in lakhs	% holding in the class
Muthoot Finance Limited (Holding Company)	262.67	70.01	164.17	66.61	150.17	64.60
Capt. P.K. Ayre on behalf of Sarvam Financial Inclusion Trust	65.75	17.52	73.26	29.72	73.26	31.51
Maj Invest Financial Inclusion Fund II K/S	41.46	11.05	-	-	-	-

23: Other equity

(Rs. In lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of India Act, 1934)			
Opening balance	1,188.78	515.51	
Add: Transfer from surplus balance in the Statement of Profit and Loss	1,457.05	673.27	
Closing balance	**2,645.83**	**1,188.78**	**515.51**
Security Premium			
Opening balance	4,954.76	4,394.76	
Add: Securities premium received during the year	18,895.11	560.00	
Closing balance	**23,849.87**	**4,954.76**	**4,394.76**
Debenture Redemption Reserve			
Opening balance	883.13	209.98	
Add: Amount transferred from surplus in the statement of profit and loss	-	673.15	
Less: Amount transferred to surplus in the statement of profit and loss	(883.13)	-	
Closing balance	-	**883.13**	**209.98**
General Reserve			
Opening balance	0.10	0.10	
Add: Amount transferred from surplus in the statement of profit and loss	-	-	
Closing balance	**0.10**	**0.10**	**0.10**
Other Comprehensive income			
Opening balance	40.50	-	
Other comprehensive during the year (net of tax)	89.10	40.50	
Closing balance (net of tax)	129.60	40.50	-
Surplus in Statement of Profit and Loss			
Opening balance	**3,031.72**	**1,799.12**	
Add: Profit for the period	**7,285.26**	**2,704.93**	
Less Appropriation :-			
Dividend on equity shares	-	(104.61)	
Tax on dividend on equity shares	-	(21.30)	
Transfer to/(from) debenture redemption reserve	883.13	(673.15)	
Transfer to Statutory Reserve	(1,457.05)	(673.27)	
Total appropriations	**(676.92)**	**(1,472.33)**	**-**
Closing balance	**9,640.06**	**3,031.72**	**1,799.12**
Total	**36,265.47**	**10,099.01**	**6,919.48**

24: Nature and purpose of reserve

Securities Premium : This represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

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

Debenture Redemption Reserve: (1) Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date June 19, 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also, the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.

(2) All the Debentures of the company were issued only on private placement basis, hence no DRR provision is applicable to the company. Hence DRR provision created up to 31 March 2018 on prudential basis, is now being transferred to surplus in Profit and Loss account.

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

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

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

25: Dividend paid and proposed

(Rs. In lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018
Final dividend for fiscal year 2017	-	125.91
Final dividend for fiscal year 2018	-	-
Interim dividend for fiscal year 2019	-	-

The Board of Directors recommended a final dividend of Rs. 0.50 per equity share for the financial year ended 31 March 2019. The payment is subject to the approval of the shareholders in the ensuing Annual General meeting of the Company.

26: Interest income

(Rs. In lakhs)

Particulars	for the year ended 31 Mar 2019				for the year ended 31 Mar 2018			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	Total	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through PL	Total
Interest on Loans								
Interest income on loan	1,072.43	32,905.10	-	33,977.53	481.63	20,011.01	-	20,492.64
Interest income from fixed deposits	-	619.64	-	619.64	-	451.78	-	451.78
Other interest income	-	16.58	-	16.58	-	9.10	-	9.10
Total	**1,072.43**	**33,541.32**	**-**	**34,613.75**	**481.63**	**20,471.89**	**-**	**20,953.52**

27: Sale of services

(Rs. In lakhs)

Particulars	for the year ended 31 Mar 2019	for the year ended 31 Mar 2018
Commission fees	265.87	263.55
Sale of services	**265.87**	**263.55**
Fee income that are recognised over a certain period of time	-	-
Fee income that are recognised at point in time	265.87	263.55
Sale of services	**265.87**	**263.55**
Geographical markets		
India	265.87	263.55
Outside India	-	-
Total	**265.87**	**263.55**

28: Net gain on fair value changes

(Rs. In lakhs)

Particulars	for the year ended 31 Mar 2019	for the year ended 31 Mar 2018
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(I) On trading portfolio		
- Investments	646.21	186.99
Total Net gain/(loss) on fair value changes	**646.21**	**186.99**
Fair Value changes		
- Realised	646.21	186.99
- Unrealised	-	-
Total Net gain/(loss) on fair value changes	**646.21**	**186.99**

29: Other Income

(Rs. In lakhs)

Particulars	for the year ended 31 Mar 2019	for the year ended 31 Mar 2018
Bad debt recovery	51.50	0.31
Other income	44.39	3.14
Total	**95.89**	**3.45**

30: Finance Cost

(Rs. In lakhs)

Particulars	for the year ended 31 Mar 2019		for the year ended 31 Mar 2018	
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost
Interest Expense on Borrowings:				
Interest on borrowings	-	10,462.13	-	8,557.53
Interest on debt securities	-	3,384.71	-	855.18
Interest on subordinate liabilities	-	517.57	-	429.62
Dividend on preference shares (including taxes)	-	554.63	-	127.24
Bank charges	-	77.20	-	88.18
Total	**-**	**14,996.24**	**-**	**10,057.75**

31: Impairment of financial instruments

(Rs. In lakhs)

Particulars	for the year ended 31 Mar 2019		for the year ended 31 Mar 2018	
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost
Loans	324.64	917.08	65.24	745.88
Bad Debts Written Off	-	553.58	-	534.02
Other Assets	-	41.00	-	57.12
Total	**324.64**	**1,511.66**	**65.24**	**1,337.02**

32: Employee Benefit Expenses

(Rs. In lakhs)

Particulars	for the year ended 31 Mar 2019	for the year ended 31 Mar 2018
Salaries and Wages	5,570.96	3,140.24
Contributions to Provident and Other Funds	361.71	251.71
Staff Welfare Expenses	230.55	111.38
Total	**6,163.22**	**3,503.33**

33: Depreciation and amortization

(Rs. In lakhs)

Particulars	for the year ended 31 Mar 2019	for the year ended 31 Mar 2018
Depreciation of Tangible Assets	265.93	210.19
Amortization of Intangible Assets	176.08	243.93
Total	**442.01**	**454.12**

34: Other Expenses

(Rs. In lakhs)

Particulars	for the year ended 31 Mar 2019	for the year ended 31 Mar 2018
Rent	316.30	193.66
Electricity Charges	41.26	27.15
Business Promotion Expenses	72.34	61.79
Repairs to Buildings	98.46	64.42
Repairs to Machinery	142.33	64.51
Repairs to Others	1.67	2.73
Communication expense	149.88	61.93
Postage and courier	29.47	24.78
Printing and Stationery	164.70	122.12
Rates & Taxes	56.90	79.23
Legal & Professional Charges	758.47	623.06
Travelling and Conveyance	838.38	536.97
Insurance	69.21	29.86
Payments to Auditor	25.07	22.44
Membership and subscription	31.93	26.44
Directors' Sitting Fee	34.75	22.05
Credit Bureau expenses	31.63	23.84
CSR Expenses	50.00	20.00
Loss on account of theft	1.99	1.21
Other expenses	88.20	19.03
Total	**3,002.94**	**2,027.22**

Break up of payment to auditors

(Rs. In lakhs)

Particulars	for the year ended 31 Mar 2019	for the year ended 31 Mar 2018
As Auditor:		
Statutory audit	13.50	12.00
Tax audit	2.00	2.00
Limited review	6.00	6.00
Certification fees	1.05	0.90
Out of pocket expenses	2.52	1.54
	25.07	**22.44**

Details of CSR expenditure:

(Rs. In lakhs)

Particulars	for the year ended 31 Mar 2019	for the year ended 31 Mar 2018
a) Gross amount required to be spent by Company during the year	50.00	19.78
b) Amount spent during the period		
i) Construction/acquisition of any asset - In cash	-	-
Yet to paid in cash	-	-
Total	-	-
ii) On purpose other than (i) above - In cash	50.00	20.00
Yet to paid in cash	-	-
Total	**50.00**	**20.00**

35: Income Tax

The components of income tax expense for the year ended 31 March 2019 and year ended 31 March 2018 are:

(Rs. In lakhs)

Particulars	for the year ended 31 Mar 2019	for the year ended 31 Mar 2018
Current tax	3,220.74	1,941.20
Deferred tax charge/ (credit)	(196.24)	(634.71)
Income tax expense reported in statement of profit and loss	3,024.50	1,306.49
Deferred tax related to items recognised in OCI during the period:		
Tax liability due to Fair value impact on debt instruments measured at FVOCI	51.34	35.81
Tax asset on remeasurements of defined benefit plans	(14.74)	(14.37)
Income tax charged to OCI	**36.60**	**21.44**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2019 and year ended 31 March 2018 is, as follows:

(Rs. In lakhs)

Particulars	for the year ended 31 Mar 2019	for the year ended 31 Mar 2018
Tax rate as per IT Act, 1961	**29.12%**	**34.61%**
Accounting profit before tax	10,309.76	4,011.42
At India's statutory income tax rate of 29.12% (2018: 34.61%)	3,002.20	
1,388.27		
Effect of expenses that are not deductible in determining taxable profit	368.37	73.29
Impact of allowance of Provision 5% as per Section 36 1(d) of IT act, 1961	(157.89)	(100.48)
Effect of income that is exempt from taxation	(188.18)	(81.53)
Interest on delayed payment of advance tax	-	32.01
Others	-	(5.08)
Income tax expense reported in the statement of profit or loss	3,024.50	1,306.48

The effective income tax rate for 31 March 2019 is 29.33% (31 March 2018: 32.56%).

36: Deferred tax

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

(Rs. In lakhs)

Particulars	Deferred Tax Assets 31 Mar 19	Deferred Tax Liabilities 31 Mar 19	Income Statement 2018-19	OCI 2018-19
Depreciation	95.49	-	(23.29)	-
Impact of expenditure charged to the Statement of Profit and Loss in the current year but claimed as expense for tax purpose on payment basis.	121.94	-	(47.49)	-
Impairment allowance for financial assets	771.11	-	(325.02)	-
Debt financial asset measured at amortised cost	453.09	-	(115.83)	-
Financial liability measured at amortised cost (Borrowings)	-	(96.13)	(29.71)	-
Impact due to gain/loss on fair value of securitisation	-	(345.10)	345.10	-
Impact due to gain/loss on fair value of FVOCI loans		(87.16)	-	51.35
Impact due to actuarial gain/ loss on gratuity	29.11	-	-	(14.74)
Total	**1,470.74**	**(528.39)**	**(196.24)**	**36.61**

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

(Rs. In lakhs)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	31 Mar 18	31 Mar 18	2017-18	2017-18
Depreciation	72.20	-	(71.60)	-
Impact of expenditure charged to the Statement of Profit and Loss in the current year but claimed as expense for tax purpose on payment basis.	74.45	-	(36.75)	-
Impairment allowance for financial assets	446.09	-	(253.96)	-
Debt financial asset measured at amortised cost (loans to customer)	337.27	-	(251.03)	-
Financial liability measured at amortised cost (Borrowings)	-	(125.85)	(9.42)	-
Impact due to gain/loss on fair value of securitisation	-	-	(11.95)	-
Impact due to gain/loss on fair value of FVOCI loans		(35.81)	-	35.81
Impact due to actuarial gain/ loss on gratuity	14.37	-	-	(14.37)
Total	**944.38**	**(161.66)**	**(634.71)**	**21.44**

(Rs. In lakhs)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities
	1 Apr 2017	1 Apr 2017
Depreciation	1.59	-
Impact of expenditure charged to the Statement of Profit and Loss in the current year but claimed as expense for tax purpose on payment basis.	37.70	-
Impairment allowance for financial assets	192.14	-
Debt financial asset measured at amortised cost (loans to customer)	86.24	
Financial liability measured at amortised cost (Borrowings)	-	(135.27)
Impact due to gain/ loss on fair value of securitisation	-	(11.95)
Total	**317.67**	**(147.22)**
Net	**170.45**	

37: Earnings per share

Particulars	for the year ended 31 Mar 2019	for the year ended 31 Mar 2018
Net profit attributable to ordinary Equity Shareholders	7,285.26	2,704.93
Weighted average number of ordinary shares for basic earnings per share (in Lakhs)	311.95	233.08
Effect of dilution:	-	-
Weighted average number of ordinary shares adjusted for effect of dilution (in Lakhs)	311.95	233.08
Earnings per share		
Basic earnings per share (Rs.)	**23.35**	**11.61**
Diluted earnings per share (Rs.)	**23.35**	**11.61**

38: Retirement Benefit Plan

Defined Benefit Plan

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

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

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

(Rs. In lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Current service cost	51.01	31.21	14.78
Interest cost on benefit obligation	0.30	0.24	(0.80)
Past Service Cost	-	4.33	-
Actual return on plan assets	**51.31**	**35.78**	**13.98**

Balance Sheet

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

(Rs. In lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Defined benefit obligation	283.29	177.40	103.03
Fair value of plan assets	228.72	121.82	74.66
Asset/(liability) recognized in the balance sheet	54.57	55.58	28.37
Experience adjustments on plan liabilities (Gain)/Loss	-	-	-
Experience adjustments on plan assets Gain / (Loss)	-	-	-

Changes in the present value of the defined benefit obligation are as follows:

(Rs. In lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Opening defined benefit obligation	177.40	103.03	62.24
Interest cost	12.75	7.22	4.29
Current service cost	51.01	31.21	14.78
Benefits paid	(4.41)	(5.57)	(14.50)
Past Service Cost	-	4.33	-
Actuarial (loss) / gain on obligation	46.53	37.18	36.22
Closing defined benefit obligation	283.29	177.40	103.03

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

(Rs. In lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Opening fair value of plan assets	121.82	74.66	61.13
Expected return	12.45	6.98	5.08
Contributions by employer	102.93	50.11	22.57
Benefits paid	(4.41)	(5.57)	(14.50)
Actuarial gains / (losses)	(4.07)	(4.36)	0.38
Closing fair value of plan assets	228.72	121.82	74.66

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

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Discount rate	7.01%	7.28%	7.20%
Rate of increase in compensation levels	10%	10%	10%
Attrition rate	20%	20%	11%
Expected rate of return on assets	7.01%	7.28%	7.20%

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

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Funded with LIC	100.00%	100.00%	100.00%

Assumptions	31 Mar 2019 Discount rate impact		31 Mar 2019 Future salary impact	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	276	291	290.68	276.17

Assumptions	31 Mar 19 Discount rate impact		31 Mar 19 Future salary impact	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	173	182	181.95	173.00

Expected benefit payment for future years **(Rs. In lakhs)**

Particulars	As at 31 Mar 2019	As at 31 Mar 2019
Within the next 12 months (next annual reporting period)	36.99	26.56
Between 2 and 5 years	159.17	103.36
Between 5 and 10 years	125.86	74.76
Total expected payments	**322.02**	**204.68**

The average duration of the defined benefit obligation as at 31 March 2019 is 5.8 years (2018: 5.6 years)

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

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

39: Maturity analysis of assets and liabilities

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

(Rs. In lakhs)

Particulars	31 Mar 2019			31 Mar 2018			01 Apr 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	21,882.26	-	21,882.26	13,265.25	-	13,265.25	5,331.24	-	5,331.24
Bank Balance other than above	6,083.22	4,865.47	10,948.70	5,093.36	2,298.75	7,392.11	2,490.85	3,395.00	5,885.85
Loans	1,19,010.97	44,865.55	1,63,876.52	76,351.35	37,077.63	1,13,428.98	42,993.50	13,264.11	56,257.61
Investments	-	-	-	-	-	-	6,001.64	-	6,001.64
Trade receivables	84.69	-	84.69	29.28	-	29.28	27.45	-	27.45
Other financial assets	5,584.26	-	5,584.26	705.06	-	705.06	598.48	-	598.48
Non-financial Assets									
Current tax asset (net)	139.80		139.80	-		-			-
Deferred tax assets (net)	-	942.35	942.35		782.72	782.72	-	170.45	170.45
Investment property	-	11.03	11.03	-	11.03	11.03	-	-	-
Property, plant and equip- ment	-	410.12	410.12	-	230.10	230.10	-	201.09	201.09
Other intangible assets	-	111.44	111.44	-	152.65	152.65	-	265.50	265.50
Other non financial assets	396.00	-	396.00	355.42	-	355.42	106.65	-	106.65
Total Assets	**1,53,181.20**	**51,205.97**	**2,04,387.17**	**95,799.72**	**40,552.88**	**1,36,352.60**	**57,549.81**	**17,296.15**	**74,845.96**
Liabilities									
Financial Liabilities									
Debt Securities	20,468.08	2,330.74	22,798.82	9,456.92	12,138.63	21,595.55	1,323.62	2,656.38	3,980.00
Borrowings (other than debt security)	93,285.41	33,147.13	1,26,432.53	52,592.43	40,425.31	93,017.74	32,020.29	26,684.54	58,704.83
Subordinated Liabilities	5,000.00	4,053.11	9,053.11	3,077.38	4,052.98	7,130.36	-	2,000.00	2,000.00
Other Financial liabilities	4,916.61	-	4,916.61	579.86		579.86	342.60		342.60
Non-financial Liabilities									
Current tax liabilities (net)	-	-	-	509.39	-	509.39	194.40	-	194.40
Provisions	469.09	-	469.09	302.18	-	302.18	123.64	-	123.64
Other non-financial liabili- ties	699.43	-	699.43	653.85	-	653.85	256.36	-	256.36
Total Liabilities	**1,24,838.62**	**39,530.98**	**1,64,369.60**	**67,172.01**	**56,616.92**	**1,23,788.93**	**34,260.91**	**31,340.92**	**65,601.83**
NET			**40,017.58**			**12,563.67**			**9,244.13**

40: Change in liabilities arising from financing activities

(Rs. In lakhs)

Particulars	As at 31 Mar 2018	Cash Flows	Others*	As at 31 Mar 2019
Debt Securities	21,595.55	1,237.79	(34.51)	22,798.83
Borrowings other than debt securities	93,017.74	33,585.73	(170.94)	1,26,432.53
Subordinated Liabilities	7,130.37	2,069.63	(146.89)	9,053.11
Total liabilities from financing activities	**1,21,743.66**	**36,893.15**	**(352.35)**	**1,58,284.46**

Particulars	As at 31 Mar 2017	Cash Flows	Others*	As at 31 Mar 2018
Debt Securities	3,980.00	17,686.66	(71.11)	21,595.55
Borrowings other than debt securities	58,704.83	34,233.33	79.58	93,017.74
Subordinated Liabilities	2,000.00	2,200.01	2,930.36	7,130.37
Total liabilities from financing activities	**64,684.84**	**54,120.00**	**2,938.83**	**1,21,743.66**

*Others column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

41: Contingent liabilities, commitments and leasing arrangements

(A) Contingent Liabilities

Nil (Previous Year- Nil)

(B) Commitments

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

(C) Lease Disclosures

Operating Lease :

The Company has cancellable operating lease agreements for office spaces, the tenure of which generally are less than a year, Terms of such lease gives right of cancellation to both the parties. Operating lease rental expenses aggregating Rs. 316.30 lacs (31 March 2018: Rs. 193.66 lacs) have been debited to the Statement of Profit and Loss.

42: Related Party DisclosuresRelationship

Key Management Personnel	Dr. (Mrs.) Kalpanaa Sankar (Managing Director) Mr. L. Muralidharan (Chief Financial Officer) Mr. Sunil Kumar Sahu (Company Secretary)
Entities with joint control of, or significant influence over, the entity	Dr. Mrs. Kalpanaa Sankar 1. Hand in Hand Consulting Services Private Ltd - Director 2. Hand in Hand Inclusive Development & Services - Chairperson 3. Hand in Hand India - Chairperson & Managing Trustee 4. Socio Economic and Educational Development Trust - Chairperson
Holding Company	Muthoot Finance Limited
Fellow Subsidiary	1. Asia Asset Finance PLC, Sri Lanka 2. Muthoot Homefin (India) Limited. 3. Muthoot Insurance Brokers Private Limited 4. Muthoot Money India Private Limited 5. Muthoot Asset Management Private Limited 6. Muthoot Trustee Private Limited
Entities holding substantial interest	1. Sarvam Financial Inclusion Trust (previously known as Sarvam Mutual Benefit Trust, Kancheepuram) 2. Maj Invest Financial Inclusion Fund II K/S

Related Party transactions during the year:

(Rs. in lakhs)

Particulars	Holding Company			Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives			Fellow Subsidiary			Entities holding substantial interest		
	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017	As at31 Mar 2019	As at 31 Mar 2018	As at1 Apr 2017	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Towards loan repayment collections, reimbursement of expenses and loan recoveries for employees transferred												
Total Debits	-	-	-	176.96	416.09	13.97	-	-	-	-	-	-
Total Credits	-	-	-	189.53	412.44	18.90	-	-	-	-	-	-
Consultancy services availed for training	-	-	-	13.53	14.70	19.95	-	-	-	-	-	-
Corporate Social Responsibility	-	-	-	50.00	20.00	11.70	-	-	-	-	-	-
Towards purchase of SHG Loan Portfolio	-	-	-	3,672.25	5,714.70	1,784.27	-	-	-	-	-	-
Towards purchase of enterprise Loan Portfolio	-	-	-				-	-	-	-	44.58	-
Term loan availed	-	2,000.00	2,000.00	-	-	-	-	-	-	-	-	-
Term loan repaid	796.65	3,036.68	166.67	-	-	-	-	-	-	-	-	-
Finance cost on Account of term loan availed	30.87	379.14	202.30	-	-	-	-	-	-	-	-	-
Dividend paid on Equity Shares	-	67.58	-	-	-	-	-	-	-	-	-	-
NCD Issued	-	700.00	-	-	-	-	-	700.00	-	-	-	-
Right issue of shares	-	-	-	-	-	-	-	-	-	-	-	-
Issue of equity shares (including share premium)	13,682.00	-	4,000.00	-	-	-	-	-	-	6499.99	-	-
Services rendered	-	-	-	-	-	-	4.57	-	-	-	-	-
Interest on NCD paid	-	-	116.71	-	-	-	234.00	186.95	33.29	-	-	-
Balance outstanding as at the year end:												
Payables	-	-	-	14.21	12.98	5.30	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	4.93	-	-	-	-	-
NCD Investment	-	-	-	-	-	-	1,700.00	1,700.00	1,000.00	-	-	-
Term Loan	-	796.65	1,833.33	-	-	-	-	-	-	-	-	-

Compensation of key management personnel of the Company:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the Managing Director, Chief Financial Officer and Company Secretary as key management personnel for the purposes of IND AS 24 Related Party Disclosures.

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Short–term employee benefits	167.25	127.53	93.26
Contribution to PF (defined contribution)	0.65	0.65	0.65
Total	**167.90**	**128.18**	**93.91**

The remuneration to the key managerial personnel does not include the provisions made for gratuity, as they are determined on an actuarial basis for the company as a whole.

43: Capital

Capital Management

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and requirements of the financial covenants. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Regulatory Capital

(Rs. In lakhs)

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Common Equity Tier1 capital	38,801.29	11,572.21	8,726.86
Other Tier 2 capital instruments	5,186.36	4,773.51	2,187.08
Total capital	**43,987.64**	**16,345.72**	**10,913.94**
Risk weighted assets	**1,69,973**	**1,14,541**	**63,066**
CET1 capital ratio	22.83%	10.10%	13.84%
Total capital ratio	25.88%	14.27%	17.31%

44: Events after reporting date

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

45: Fair Value Measurement

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

I. The following table shows an analysis if financial instruments recorded at fair value

(Rs. In Lakhs)

31 Mar 2019	Level 1	Level 2	Level 3
Assets measured at fair value on a recurring basis			
Financial assets held for trading			
Investments in Mutual Fund	-	-	-
Financial assets at FVOCI			
Loans	-	-	12,392.67

(Rs. in lakhs)

31 Mar 2018	Level 1	Level 2	Level 3
Assets measured at fair value on a recurring basis			
Financial assets held for trading			
Investments in Mutual Fund	-	-	-
Financial assets at FVOCI			
Loans	-	-	5,201.22

(Rs. in lakhs)

01 Apr 2017	Level 1	Level 2	Level 3
Assets measured at fair value on a recurring basis			
Financial assets held for trading			
Investments in Mutual Fund	6,001.64	-	-
Financial assets at FVOCI			
Loans	-	-	-

Fair value technique

Investment at fair value through profit and loss

For investment at fair value through profit and loss, valuation are done using quoted prices from active markets at the reporting date.

Loans at FVOCI

For loans at FVOCI, valuation is done using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

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

(Rs. In Lakhs)

31 Mar 2019	As at 01 April 2018	Issuances and Settlements (Net)	Transfers into Level 3	Transfers from Level 3	Net interest income	Other Compre hensive Income	As at 31 Mar 2019
Financial assets at FVOCI							
Loans	5,201.22	5,942.72			1,072.43	176.31	12,392.67

31 Mar 2019	As at 01 Apr 2017	Issuances and Settlements (Net)	Transfers into Level 3	Transfers from Level 3	Net interest income	Other Compre hensive Income	As at 31 Mar 2018
Financial assets at FVOCI							
Loans	-	4,616.11			481.63	103.4762	5,201.22

III. Impact on fair value of level 3 financial instruments, measured at fair value of changes to key assumptions.

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of loans classified at level 3.

(Rs. in lakhs)

Particulars	Level 3 Assets 31 March 2019	Valuation Technique	Significant Unobservable Input
Loans	12,392.67	Discounted Projected cash flow	Discount/Margin Spread

(Rs. in lakhs)

Particulars	Level 3 Assets 31 March 2018	Valuation Technique	Significant Unobservable Input
Loans	5,201.22	Discounted Projected cash flow	Discount/Margin Spread

The Company has taken one discount rate to discount the loans. The discount rate taken in March 2019 is 23.55% and in March 2018 is 24.5%. Thus a significant increase in spread above the cost of borrowing would result in lower fair value.

IV. Sensitivity of fair value measurements to changes in unobservable market data

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects.

(Rs. In Lakhs)

Particulars	31 Mar 19		31 Mar 18	
	Effect in Other Comprehensive Income		Effect in Other Comprehensive Income	
	Favourable	Unfavourable	Favourable	UnfavourableLoans
	45.74	45.49	15.20	15.11

Fair value of financial instruments not measured at fair value

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

(Rs. In Lakhs)

Particulars	Note	Level	Carrying Value			Fair Value		
			31 Mar 19	31 Mar 18	01 Apr 17	31 Mar 19	31 Mar 18	01 Apr 17
Financial assets not measured at fair value								
Cash and cash equivalents	6	1	21,882.26	13,265.25	5,331.24	21,882.26	13,265.25	5,331.24
Bank Balance other than above	7	1	10948.70	7,392.11	5,885.85	10,948.70	7,392.11	5,885.85
Trade receivables	8	3	84.65	29.29	28.45	84.65	29.29	28.45
Loans	9	3	1,51,873.72	1,08,293.01	56,257.61	1,36,654.51	1,10,376.49	56,257.61
Other Financial assets	11	2	5,584.26	705.06	598.48	5,584.26	705.06	598.48
Total financial assets			**1,90,373.59**	**1,29,684.72**	**68,101.63**	**1,75,154.38**	**1,31,768.20**	**68,101.63**
Financial Liabilities not measured at fair value								
Debt Securities	16	2	22,798.83	21,595.55	3,980.00	22,798.83	21,595.55	3,980.00
Borrowings (other than debt securities)	17	2	1,26,432.53	93,017.74	58,704.83	1,26,432.53	93,017.74	58,704.83
Subordinated Liabilities	18	2	9,053.11	7,130.37	2,000.00	9,053.11	7,130.37	2,000.00
Other Financial liabilities	19	2	4,916.61	579.86	342.60	4,916.61	579.86	342.60
Financial Liabilities			**1,63,201.08**	**1,22,323.52**	**65,027.44**	**1,63,201.08**	**1,22,323.52**	**65,027.44**

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

V. Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables.

Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and laibilities

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

46: Risk Management

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

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

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

I. Credit Risk

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

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

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

Risk Identification

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

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

Risk assessment and measurement

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

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

Risk Monitoring

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

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

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

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

Risk Mitigation

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

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

- Loan Origination - site screening, independent vist by manager, adequate training to officers.
- Loan underwriting - Risk rating, independent assessment, etc.
- Loan Pre and Post Disbursement - disbursement at the branch premises and in the bank account only, tracking to avoid misuse of funds,
- Loan monitoring - credit officers to attend group meeting, reminder of payment of emis on time, etc.
- Loan collection and recovery - monitor repayments, confirmation of balances. It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to that they decide to take on. Continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

Impairment assessment

The Company is basically engaged in the business of providing loans and access to Credit to the Self Help Group (SHG) members / Joint Liability Group (JLG) members, the tenure of which is ranging from 12 months to 24 months. Moreover, Company has categorised its loan into two broad categories Micro Enterprise loans (MEL) and others. Further, Company also buys portfolio from other financial institution for a period not more than 12 months. The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies

3.6 Definition of default and cure

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

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured, depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

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

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

Exposure at Default (EAD)

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

Probability of default (PD)

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

Based on its review of macro-economic developments and economic outlook, the Company has assessed that no adjustment is required for temporary overlays to determine qualitative impact on its PD's as at 31 March 2019 and 31 March 2018.

Loss Given Default (LGD)

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.
LGD rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year.

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

Significant Increase in credit risk

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

Company's financial assets measured on a collective basis

For Stage 3 assets ECL is calculated on an individual basis. For stages 1 and 2 the internal rating model analysis past trends, income level and other combinations.The loss estimation for these pools is hence done on a collective basis.

II. Asset Liability Management

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

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

The scope of ALM function can be described as follows:

- Liquidity risk management
- Management of market risks
- Others

Liquidity Risk

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

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

Liquidity ratios

Advances to borrowings ratios

Particulars	2019	2018
Year-end	107.62%	96.43%
Maximum	122.82%	106.62%
Minimum	100.55%	91.77%
Average	109.94%	99.26%

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

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

Maturity pattern of assets and liabilities as on 31 March, 2019:

(Rs. In Lakhs)

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Borrowings (other than debt securities)	7,061.75	8,125.35	9,913.85	25,772.60	43,163.15	26,777.70	5,618.14		1,26,432.53
Debt securities	500.00	500.00	3,875.00	5,541.67	10,235.16	2,000.00	147.00	-	22,798.83
Subordinated debts	-	3,100.00	-	-	1,900.00	1,000.00	3,053.11	-	9,053.11
Total	**7,561.75**	**11,725.35**	**13,788.85**	**31,314.26**	**55,298.31**	**29,777.70**	**8,818.25**	**-**	**1,58,284.46**
Cash and bank balance	18,882.26	-	3,000.00	-	-	-	-	-	21,882.26
Deposits	75.37	1,212.50	1,477.85	506.76	2,810.75		4,865.47	-	10,948.70
Receivables	84.69	-	-	-	-	-	-	-	84.69
Loans	11,439.93	11,218.79	10,973.91	31,694.10	51,718.64	46,831.14	-	-	1,63,876.52
Total	**30,482.25**	**12,431.29**	**15,451.76**	**32,200.86**	**54,529.39**	**46,831.14**	**4,865.47**	**-**	**1,96,792.17**

Maturity pattern of assets and liabilities as on 31 March, 2018:

(Rs. In Lakhs)

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (other than debt securities)	4,508.07	4,606.03	4,732.30	14,134.98	25,227.38	39,340.47	468.52	-	**93,017.74**
Debt securities	498.26	499.12	1,451.51	2,113.66	4,894.49	12,138.50	-	-	**21,595.55**
Subordinated debts	-	-	-	-	-	3,100.00	1,000.00	3,030.37	**7,130.37**
Total	**5,006.33**	**5,105.15**	**6,183.81**	**16,248.64**	**30,121.87**	**54,578.97**	**1,468.52**	**3,030.37**	**1,21,743.66**
Cash and bank balance	13,265.25	-	-	-	-	-	-	-	13,265.25
Deposits	599.00	100.00	-	150.00	1,450.00	4,968.11	125.00	-	7,392.11
Receivables	29.28	-	-	-	-	-	-	-	29.28
Loans	7,300.30	7,631.99	7,483.52	19,906.57	32,830.83	38,275.78	-	-	1,13,428.99
Total	**21,193.83**	**7,731.99**	**7,483.52**	**20,056.57**	**34,280.83**	**43,243.89**	**125.00**	**-**	**1,34,115.63**

Maturity pattern of assets and liabilities as on 1 April 2017:

(Rs. In Lakhs)

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings from banks	3,747.96	2,353.54	3,006.23	8,010.51	14,616.40	26,444.87	525.32	-	**58,704.83**
Subordinated debts								2,000.00	**2,000.00**
Market borrowings	-	-	329.28	329.41	659.49	690.09	984.99	986.74	**3,980.00**
Total									
Cash and bank balance	5,331.24	-	-	-	-	-	-	-	**5,331.24**
Deposits	340.00	187.50	230.00	890.00	1,003.72	3,234.63	-	-	**5,885.85**
Receivables	-	27.45	-	-	-	-	-	-	**27.45**
Loans	4,582.94	4,559.25	4,375.95	11,632.12	17,242.12	13,865.23	-	-	**56,257.61**
Investments	-	6,001.64	-	-	-	-	-	-	**6,001.64**
Total	**10,254.18**	**10,775.83**	**4,605.95**	**12,522.12**	**18,245.84**	**17,099.86**	**0.00**	**0.00**	**73,503.79**

Market Risk

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

Interest Rate Risk

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

Asset Liability Committee shall manage its rate sensitivity position to ensure the long run earning power of the company. In addressing this challenge, the ratios of rate sensitive assets (RSA) to rate sensitive liabilities (RSL) and gap (RSA minus RSL) to equity, as well as gap to total assets will be reviewed based on 30, 60, 90, 180, and 365-day, 1-2 year, and greater than 2 year definitions. More importantly, however, special emphasis is to be placed on the change in net interest income that will result from possible fluctuations in interest rates, changing account volumes, and time. We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

Management of Interest Margin

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

The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held at 31 March 2019. The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

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

(Rs. in lakhs)

Particulars	**Effect on Statement of Profit and loss for the year 2018-19**	**Effect on Statement of Profit and loss for the year 2017-18**
0.50% increase	(791.42)	(608.72)
0.50% decrease	791.42	608.72

Price Risk

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

Prepayment risk

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

III. Operational and business risk

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

47: 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.

48: Foreign Currency

I) Foreign Currency Expenditure : The total foreign expenditure for the year ended as on 31 March 2019 is Rs. Nil (PY Rs. Nil).

ii) Unhedged Foreign Currency : The total unhedged foreign expenditure for the year ended as on 31 March 2019 is Rs. Nil (PY Rs. Nil).

49: Segment Information

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

50: Additional Disclosures pursuant to Reserve Bank of India Directions

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

(Rs. In Lakhs)

S. No	Particulars	As at31 Mar 2019 Amount Outstanding	Amount Over Due
	Liabilities :		
1	**Loans and advances availed by the NBFC inclusive of interest accrued thereon not paid:**		
(a)	Debentures & Preference shares		
	-Secured	9,313.26	-
	-Unsecured	22,538.68	-
	(Other than falling within the meaning of Public deposits)		
(b)	Deferred Credits	-	-
(c)	Term Loans	89,646.24	-
(d)	Inter-Corporate Loans and Borrowings	-	-
(e)	Commercial Paper	-	-
(f)	Other Loans (Nature of other Loans, CC etc.)	36,786.30	-

(Rs. in lakhs)

S. No	Particulars	As at31 Mar 2019
	Assets	
2	**Breakup of Loans and Advances including Bills Receivables [Other than those included in (3) below] :**	
(a)	Secured	-
(b)	Unsecured (including Interest accrued and Loans to staff)	1,66,516.44
3	**Break up of Leased Assets and Stock on Hire and other Assets counting towards AFC activities.**	
(i)	Leased Assets including Leased Rentals Accrued and Due:	
	(a) Financial Lease	-
	(b) Operating Lease	-
(ii)	Stock on hire including Hire charges under Sundry Debtors:	
	(a) Assets on Hire	-
	(b) Repossessed Assets	-
(iii)	Other Loans counting towards AFC activities	
	(a) Loans where Assets have been Repossessed	-
	(b) Loans Other than (a) above	-
4	**Breakup of investments**	
	Current Investments	
I	Quoted:	
(i)	Shares : (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Fund	-
(iv)	Government Securities	-
(v)	Others (Please Specify)	-
II	Unquoted:	
(i)	Shares : (a) Equity	-
(ii)	(b) Preference	-
(iii)	Debentures and Bonds	-
(iv)	Units of Mutual Fund	-
(v)	Government Securities	-
	Others (Please Specify)	-
	Long Term Investments	
I	Quoted:	
(i)	Shares : (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Fund	-
(iv)	Government Securities	-
(v)	Others (Please Specify)	-
II	Unquoted:	
(i)	Shares : (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Fund	-
(iv)	Government Securities	-
(v)	Others (Please Specify)	-

(Rs. in lakhs)

5	Borrower Group-Wise classification of Assets financed as in (2) and (3) above			
S. No	**Category**	**Net of provisions as at 31 March 2019**		
		Secured	**Unsecured**	**Total**
1	Related Parties	-	-	-
	(a) Subsidiaries	-	-	-
	(b) Companies in the Same Group	-	-	-
	(c) Other Related Parties	-	-	-
2	Other than Related Parties	-	1,66,516.44	1,66,516.44
	Total	**-**	**1,66,516.44**	**1,66,516.44**

(Rs. in lakhs)

6	Investor Group-Wise classification of all Investments (Current and Long-term) in shares and securities (both quoted and unquoted) :		
	Category	**Market value / Breakup Value or Fair Value or Net Asset Value**	**Book Value (Net of Provisioning)**
1	Related Parties	-	-
(a)	Subsidiaries	-	-
(b)	Companies in the Same Group	-	-
(c)	Other Related Parties	-	-
2	Other than Related Parties	-	-
	Total	**-**	**-**

(Rs. in lakhs)

7	**Other Information**		**Amount outstanding as at 31 March 2019**
(i)	Gross Non-Performing Assets	Related Parties	-
		Other than Related Parties	2,110.79
(ii)	Net Non-Performing Assets	Related Parties	-
		Other than Related Parties	235.29
(iii)	Assets Acquired in Satisfaction Debt	Related Parties	-
		Other than Related Parties	-

B. Disclosure pursuant to RBI Notification DNBS.200/CGM (PK)-125/03.05.00/2008 dated 1 August 2008

(Rs. in lakhs)

	Category	**As at 31 Mar 2019**	**As at 31 Mar 2018**
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)	-	-
(ii)	Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	-	-
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a.	Residential Mortgage -	-	
b.	Commercial Real Estate -	-	
B)	Indirect Exposure		
	Fund based and non-fund based exposures on National	-	-
	Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

51: Fraud

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

(Rs. in lakhs)

Particulars	**31 Mar 19**	**31 Mar 18**
Number of frauds reported during the year to		
Reserve Bank of India	5	5
Amount involved in such frauds and provided for	40.76	55.06
Total	**41.76**	**55.06**

52: RBI Compliance

The financial statements for the year ended 31 March 2019 are the first, the Company has prepared in accordance with Ind AS refer to Note No 55 on First time adoption to Ind AS for information on how the Company adopted Ind AS. However, the company has also ensured that the guidelines prescribed by RBI vide its Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (as amended from time to time) and is being complied with respect to below said key aspects as per previous GAAP.

a) Adherence to the Provisioning Norms by ensuring that the RBI Provisioning for NPA including provision for Standard Assets.
b) Computation of Capital Adequacy Ratio by ensuring compliance above the prescribed RBI norms.
c) Adherence to the Asset and the Income Pattern of the Company as per RBI norms.
d) Adherence to the Qualifying Assets Criteria of the Company as per RBI norms

e) Margin Cap of the Company as on 31 March 2019 is 8.28% (31 March 2018: 9.74%).

53: Exposures

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

54: Rating

The Company has been assigned CARE A+ / CRISIL A+ rating for Bank Loans and MFI 1 grading from CARE during the year 2018-19.

55: First-time Adoption of Ind AS

"These financial statements, for the year ended 31 March 2019, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the year ended 31 March 2019, together with the comparative period data as at and for the year ended 31 March 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018."

Exemptions applied:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. Set out below are the applicable IND AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to IND AS:

A) Optional Exemptions

Deemed Cost - Ind AS 101 permits a first time adopter to elect to continue the carrying value of all its property, plant and equipment as recognised in the financial statements as at the date of transition to IND AS, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments to decommissioning liabilities. This exemption can also be used for intangible assets covered under IND AS 38 and Investment Property covered under Ind AS 40. Accordingly, the Company has elected to measure all its property, plant and equipment, intangible assets and investment propertyat their previous GAAP carrying value.

B) Mandatory exceptions

Estimates - The estimates at 1 April 2017 and at 31 March 2018 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Previous GAAP did not require estimation:> Impairment of financial assets based on expected credit loss model> FVOCI on debt instrument> Investment in equity instruments carried at FVOCI and FVTPL. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2017, the date of transition to Ind AS and as of 31 March 2018.

De-recognition of financial assets and liabilities - Ind AS 101 requires a first time adopter to apply the de-recognition provisions of IND AS 109 prospectively for transactions occuring on or after the date of transition to IND AS. However IND AS 101, allows a first time adopter to apply the de- recognition requirements in Ind AS 109 retrospectively from a date of entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and Measurement of financial assets - Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Equity reconciliation for 1 April 2017 (Rs. in lakhs)

Particulars	Notes	Previous GAAP	Ind AS Adjustment	Ind AS
Assets				
Financial Assets				
Cash and cash equivalents		5,331.24	-	5,331.24
Bank Balance other than above		5,885.85	-	5,885.85
Trade receivables		28.45	-	28.45
Loans (net of provision)	1a, 2, 3, 4	56,362.43	(104.82)	56,257.61
Investments		6,001.64	-	6,001.64
Other financial assets	5	563.94	34.54	598.48
Total (A)		**74,172.55**	**(70.28)**	**74,103.27**
Non-financial assets				
Current tax assets (net)		-	-	-
Deferred tax assets (net)	6	281.39	(110.94)	170.45
Investment property		-	-	-
Property, plant and equipment		201.08	-	201.08
Other Intangible assets		265.50	-	265.50
Other non-financial assets		106.65	-	106.65
Total (B)		**854.63**	**(110.94)**	**743.68**
Total Assets (A+B)		**75,027.18**	**(181.23)**	**74,846.95**
Liabilities and equity				
Liabilities				
Financial liabilities				
Debt securities	1b	4,000.00	(20.00)	3,980.00
Borrowings (other than debt securities)	1b, 4	59,075.69	(370.86)	58,704.83
Subordinated Liabilities	1b	2,000.00	-	2,000.00
Other financial liabilities		342.60	-	342.60
Total (C)		**65,418.29**	**(390.86)**	**65,027.44**
Non-financial liabilities				
Current tax liabilities (net)		194.40	-	194.40
Provisions		123.64	-	123.64
Other non-financial liabilities		256.34	-	256.34
Total (D)		**574.38**	**-**	**574.38**
Total Liabilities (C+D)		**65,992.69**	**(390.86)**	**65,601.82**
Equity Share Capital		2,324.66	-	2,324.66
Other Equity		6,709.84	209.63	6,919.48
Total equity		**9,034.50**	**209.63**	**9,244.14**
Total liabilities and equity		**75,027.18**	**(181.23)**	**74,846.95**

*** The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.**

Equity reconciliation for 31 March 2018 (Rs. in lakhs)

Particulars	Notes	Previous GAAP	Adjustment	Ind AS
ASSETS				
Financial Assets				
Cash and cash equivalents		13,265.25	-	13,265.25
Bank Balance other than above		7,392.11	-	7,392.11
Trade receivables		29.29	-	29.29
Loans		1,08,004.71	5,424.28	1,13,428.99
Investments		-	-	-
Other financial asset		705.06	-	705.06
Total (A)		**1,29,396.42**	**5,424.28**	**1,34,820.70**
Non-financial assets				
Current tax assets (net)		-	-	-
Deferred tax assets (net)		698.11	84.61	782.72
Investment property	9	-	11.03	11.03
Property, plant and equipment	9	241.12	(11.03)	230.09
Other Intangible assets		152.65	-	152.65
Other non-financial assets		617.66	(62.24)	355.42
Total (B)		**1,709.54**	**(177.63)**	**1,531.91**
Total Assets (A+B)		**1,31,105.96**	**5,246.65**	**1,36,352.61**
Liabilities and equity				
Liabilities				
Financial liabilities				
Debt securities		21,666.66	(71.11)	21,595.55
Borrowings (other than debt securities)		87,370.47	5,647.27	93,017.74
Subordinated liabilities	10	4,200.00	2,930.37	7,130.37
Other financial liabilities		579.86	-	579.86
Total (C)		**1,13,816.99**	**8,506.53**	**1,22,323.52**
Non-financial liabilities				
Current tax liabilities (net)		509.39	-	509.39
Provisions		302.18	-	302.18
Other non-financial liabilities		653.85	-	653.85
Total (D)		**1,465.42**	-	**1,465.42**
Total Liabilities (C+D)		**1,15,282.41**	**8,506.53**	**1,23,788.94**
Equity Share Capital	10	5,564.66	(3,100.00)	2,464.66
Other Equity		10,258.89	(159.88)	10,099.01
Total equity		**15,823.55**	**(3,259.88)**	**12,563.67**
Total liabilities and equity		**1,31,105.96**	**5,246.65**	**1,36,352.61**

*** The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.**

Profit reconciliation for the year ended 31 March 2018 **(Rs. in lakhs)**

Particulars	Notes	Previous GAAP	Adjustment	Ind AS
Revenue from operations				
Interest income	1a, 3, 5	21,387.40	(433.87)	20,953.53
Dividend income		48.59	-	48.59
Fee and commission income		263.55	-	263.55
Net gain on fair value changes		187.00	-	187.00
Total revenue from operations		**21,886.54**	**(433.87)**	**21,452.67**
Other Income		3.45	**-**	3.45
Total Income		**21,889.99**	**(433.87)**	**21,456.12**
Expenses				
Finance costs	1b, 10	9,708.81	348.94	10,057.75
Fee and commision expenses		-		-
Impairment on financial instruments	2	1,389.30	12.96	1,402.26
Employee benefits expenses	8	3,544.87	(41.54)	3,503.33
Depreciation, amortisation and impairment		264.21	189.91	454.12
Other expenses		2,027.22	-	2,027.22
Total expenses		**16,934.41**	**510.27**	**17,444.68**
Profit/(loss) before tax		**4,955.58**	**(944.14)**	**4,011.44**
Tax Expense:				
(1) Current tax		1,941.20	-	1,941.20
(2) Deferred tax (credit)	6	(351.99)	(282.72)	(634.71)
(3) Earlier years adjustments		-		**-**
Profit/(loss) for the period		**3,366.37**	**(661.42)**	**2,704.95**
Other Comprehensive Income				
(i) Items that will not be classified to profit or loss	8	-	(41.54)	(41.54)
(ii) Income tax relating to items that will not be reclassified to profit or loss		**-**	14.37	14.37
Subtotal (A)		**-**	**(27.17)**	**(27.17)**
(i) Items that will be classified to profit or loss	7	-	103.48	103.48
(ii) Income tax relating to items that will be reclassified to profit or loss		-	(35.81)	(35.81)
Subtotal (B)		**-**	**67.67**	**67.67**
Other Comprehensive Income		**-**	**40.50**	**40.50**
Total comprehensive income		**3,366.37**	**(620.92)**	**2,745.45**

*** The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.**

Footnotes to the reconciliation of equity as at 1 April 2017 and 31 March 2018 and profit or loss for the year ended 31 March 2018.

1. Effective interest rate impact

a. Under Previous GAAP, processing fees charged to customers was recognised upfront while under Ind AS, such costs are included in the initial recognition amount of loans given to customer and recognised as interest income using the effective interest method over the tenure of the loan. Consequently, loan given to customers on transition date have decreased by Rs. 249.18 lakhs. Interest income for the year ended 31 March 2018 decreases by Rs. 530.87 lakhs of the same.

b. Under Previous GAAP, transaction costs incurred at the time of origination of borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of borrowings and recognised as interest expense using the effective interest method over the tenure of the borrowings. Consequently, borrowings on transition date have decreased by Rs. 390.86 lakhs. Finance expense for the year ended 31 March 2018 increases by Rs. 221.70 lakhs of the same.

2. Loans to customer

Under Previous GAAP, NPA provisioning was computed based on the RBI guidelines. Under Ind AS, the impairment is computed based on Expected Credit Loss model. This has resulted in an reduction in impairment provision by Rs.121.39 lakhs on the date of transition, the impact of which was taken to retained earnings. Impairment on loans for the year ended 31 March 2018 increases by Rs. 12.96 lakhs.

3. Interest income on NPA loans

Under Previous GAAP, interest income on NPA was recognised on cash basis. However, under Ind AS the interest income on Stage 3 assets is accrued on net loans (after ECL provision) based on EIR. As a result, interest income has increased by Rs. 22.97 lakhs as on transition date and Rs. 131.54 lakhs for the year ended 31 March 2018.

4. Securitisation of loans through pass through arrangement

Under Previous GAAP, all the loans securitised through pass through arrangment (PTC transaction) has been de - recognised from the books as meets the """true sale criteria"" as per RBI guidlines. Under Ind AS, these transactions does not meet the derecognition criteria as stated in Ind AS 109. Therefore such loans are recognised again in the books and a corresponding liability is created. For the year ended 31 March 2018, Rs. 6,032.40 lakhs are recognised.

5. Direct assignment (DA) of loans

Under Previous GAAP, all the loans securitised through Direct Assignment (DA) has been de - recognised from the books as meets the true sale criteria"" as per RBI guidlines. Under Ind AS also, these transactions meets the derecognition criteria as stated in Ind AS 109. However as per IND AS 109, the transfer results in entity acquiring a new financial asset named as Servicing Asset and Excess Interest Spread (EIS). Hence, the Company has recognised Servicing Asset and EIS receivable on transition date. As on transition date servicing asset and "EIS" receivable is recognised Rs. 33.37 lakhs and Rs. 1.17 lakhs respectively. Further, it has reduced interest income in the financial year 2017-18 as the tenure of assignment ended before year end.

6. Deferred Tax

Previous GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Previous GAAP.In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. As a result of Ind AS adjustments, the deferred tax as on 31 March 2017 has decreased by Rs. 110.94 lakhs leading to an decrease in retained earnings. Deferred tax asset for the year ended 31 March 2018 increases by Rs. 216.99 lakhs.

7. Other comprehensive income

Under Previous GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

8. Defined Benefit liabilities

Both under Previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by Rs. 41.54 lakhs and Remeasurement gains/ losses on defined benefit plans has been recognised in the OCI net of tax.

9. Investment property

As per Ind AS 40, the property which is held to earn rentals or for capital appreciation or both should be classified Investment property.

10. Reclassification of preference shares

As per Ind AS 32, a redeemable preference share with mandatory/cumulative dividend distribution establishes a contractual obligation for the issuer to pay cash on a periodic basis and on maturity. Therefore, it is classified as financial liability. Similarly, preference dividend inclusive of taxes related to it has been classified to finance cost as per AG 37 of Ind AS 32.

11. Statement of cash flows

The transition from Previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

Notes on accounts form part of final accounts
As per our Report of even date attached

For and on behalf of Board of Directors

For M/s. N. Sankaran & Co
Chartered Accountants
Firm Regn. No 003590S

sd/
G. Muralidharan
Partner
Membership No 015530

Place : Chennai
Date : April 22, 2019

sd/
Dr. Kalpanaa Sankar
Managing Director
(DIN. 01926545)

sd/
S. Chandrasekar
Wholetime Director
(DIN. 02360909)

sd/
L. Muralidharan
Chief Financial Officer

sd/
Sunil Kumar Sahu
Company Secretary

Notes