

Belstar

Investment and Finance Private Limited
ANNUAL REPORT 2016-17



Year after year, floods and droughts are playing havoc with the lives of farmers all over India. Most of them have no access to any formal sources of credit. Small and marginal farmers, fish workers, aquaculturists, dairy farmers, shepherds, goatherds and poultry farmers need support for hiring labourers, buying equipment, seeds, fertilisers, pesticides, cattle feed, and sometimes even for buying water. The biggest portion of Belstar's GLP is committed for creating and strengthening agriculture and allied activities. While all Belstar clients are women, more than one third clients are from vulnerable families.

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Annual Report 2016-17

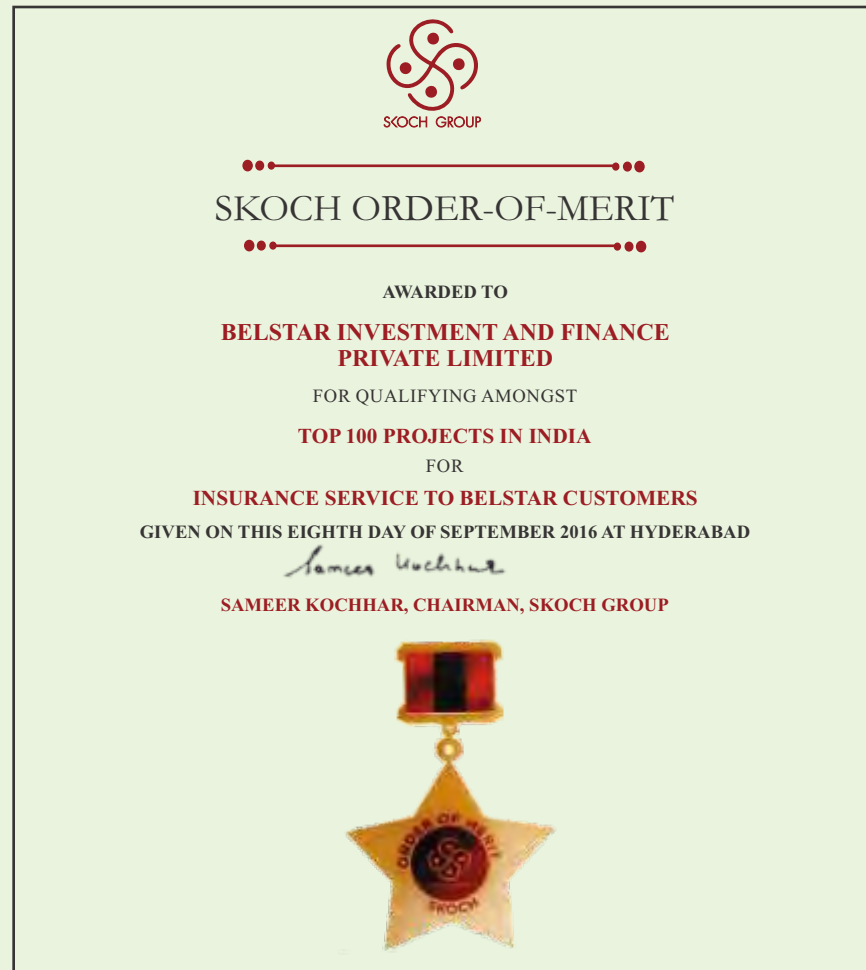


Contents

From the Managing Director's Desk	01
The People and The Partners	02
Industry Environment and Belstar	10
Products, Services and Customers	12
Risk Management and Ensuring Service Quality	17
Information Technology	19
Hand in Hand India's Road to Financial Inclusion	20
Belstar's Social Performance	22
Corporate Social Responsibility- A way of life at Belstar	23
Success stories abound	25
Management Discussion and Analysis FY 2016-17	34
Directors' Report FY 2016-17	41
Annexure to Director's Report	53
MD/CFO Certificate	66
FINANCIAL STATEMENT	
Independent Auditor's Report	67
Balance Sheet	73
Profit and Loss Statement	74
Cash Flow Statement	75
Notes to Accounts	87
Notice to the Shareholders for the 29 th AGM	102
Route Map to Belstar Registered Office	110



Belstar was declared as
MICRO FINANCE ORGANISATION OF THE YEAR 2016
 Among the small and medium MFIs,
 by ACCESS Development Services and HSBC India,
 at the Inclusive Microfinance India Summit 2016



The Company has obtained...

Grading Score of "MFIV 2+"

from CARE dated March 20,2017.

Grading is assigned on an eight-point scale with
 "MFI 1" being the highest and "MFI 8" being the lowest.

CARE A Rating

for its Long Term Bank loan of ₹600 crore

ICRA A Rating

for its Long Term Debt Rating
 (Non-Convertible Debenture(NCDs))
 of ₹70 Crore for FY 2016-17



NARI SHAKTHI PURASKAR, 2016
 For Dr. Kalpana Sankar, MD, BIFPL,
 conferred by Hon. President Pranab Mukherjee

From the Managing Director's Desk

The year marked a watershed in the journey of Belstar, the micro-finance company formed by the NGO, Hand in Hand India. The company successfully transitioned into a profitable and high-potential Microfinance Institution (MFI) with low credit risk. Belstar's business model is unique as it pursues a double bottom line by focusing on both financial performance as well as social performance with the assistance of the NGO in alleviating poverty coupled with community development.

The Company's growth was accelerated after the strategic equity investment into the Company by Muthoot Finance Limited enabling it move to an "A" rating. This has helped Belstar focus on diversification of funding profile, spreading in operational states and reaching out to newer geographies. The company, at the end of March, 2017, was operating in Karnataka, Madhya Pradesh, Maharashtra, Odisha, Tamil Nadu and Kerala and the union territory of Puducherry through 155 branches covering 3,36,877 clients. The number of branches grew from 76 at the end of the previous year.

Belstar, which had a Gross Loan Portfolio of INR 264.30 crore at the end of March, 2016 has grown exponentially in the current year with the GLP touching INR 576 Crore by March'17 and has recorded a profit of INR 10.44 crore for the last fiscal year with 2.18% PAR of the total Gross Loan Portfolio.

Belstar has carved a niche for itself in the microfinance arena by focusing on the following areas during the current year:

- Facilitating access to Microenterprise Loans, Education Loans and Consumer Goods Loans
- Covering the underserved regions with a focus on financial literacy and skill training through SHG and JLG lending models
- Introducing cashless channels of disbursement such as pre paid cards and direct credit to bank accounts
- Reducing vulnerability by offering insurance services

Belstar has ensured compliance with RBI regulations and has a dynamic Board led by eminent professionals. The guidance of Mr George Alexander Muthoot and the Board to focus on organic growth, processes and systems, sound internal audit and a robust IT platform has helped Belstar to achieve the desired results. The Company intends to focus on raising low cost funds and to pass on the price differential to the ultimate borrowers. The company was proud to receive an award given by ACCESS-ASSIST as the best MFI under the small category on December 5th 2016. It will strive for many such accolades in the coming year with the able guidance of our strategic investors and partners. I wish to thank our Chairman and Independent Director for his continued support and guidance in reaching the goals. I would like to thank the Board of Directors for their valuable inputs. Last but not least, I would like to thank the senior management and staff for their hard work and contribution towards the growth of the company.


Dr. Kalpana Sankar

The People and The Partners

Board of Directors

Promoter Directors

Dr Kalpana Sankar, Managing Director

She is a double doctorate in theoretical nuclear physics and women's development. She has over 25 years of experience in microfinance in Tamil Nadu and has been a consultant with UNOPS, UNDP, Christian Aid, and Wetlands International on gender and microfinance. She has been a Key Resource Person in Tamil Nadu Corporation for Development of Women, Government of Tamil Nadu. She is the Managing Trustee of Hand in Hand India.



Dr. Natarajan Jeyaseelan

With over two decades of experience in rural banking, Dr N. Jeyaseelan has piloted several microfinance initiatives in the banking sector, including the Indian Bank's Special Unit for Microfinance Project. A PhD in Microfinance, he has done several assignments in self-help groups, microfinance and micro insurance programmes across several countries. He has served as consultant to the UNDP, UNOPS, GIZ, IFAD, Agricultural Finance Corporation, Tamil Nadu Corporation for Development of Women Ltd, and Water Partner International (USA).



Independent Director

Mr. Ananthanarayanan Subramanian

He is the former Executive Director of Indian Bank. Prior to his elevation as Executive Director, he was the General Manager at Oriental Bank of Commerce in charge of Treasury, International Banking, Investor Relations and Human Resources. He has four decades of banking experience pertaining to every aspect of banking including administration; at local community level as well as, deliberations with investors, at international level. While in service he was an active member of Accounts and Taxation committee of Indian Banks Association.



Investor Directors



Mr K.R. Bijimon

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 eighteen years of experience in the field of financial services and is employed in the Muthoot Group since its inception.

Mr George M Alexander

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. Currently working as Sr.Vice President of Muthoot Finance, he 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, George had worked for ING and Kotak Mahindra Bank in India. He is the eldest son of George Alexander Muthoot, Managing Director, The Muthoot Group.



Mr George M Jacob

A management graduate from Cass Business School (London), George M Jacob is the Sr. Vice President - Legal, Corporate Affairs & Marketing of the Company. He 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 Company. He is the son of George Jacob Muthoot, Joint Managing Director, The Muthoot Group.



Management Team

S. Chandrasekar - Vice President

Chandrasekar is a qualified Chartered Accountant with more than 25 years of experience spanning accounting, audit, credit operations, ERP and entrepreneurship. His career graph includes stints at AF Fergusson, Coopers & Lybrand, National Finance Company - Oman and Sundaram Infotech Solutions. He comes with international business exposure in project delivery management and in solving client issues. He holds a global ERP delivery track record with multi-project and multiple locations management. Chandrasekar also shares the wealth of his knowledge at various reputed management institutes as a Visiting Faculty member.

K.B. Balakumaran - Chief Operating Officer

He has served in Indian Bank, a nationalised bank for 21 years in various capacities such as Rural Development Officer, Officer in-charge of Gramodaya Kendra, Project Manager - IBSUM and Branch Manager. He has managed the Agricultural Credit Desk at the Regional Office of Indian bank. He possesses skill and field experience in rural banking, Self Help Group movement and microfinance especially in the areas of group formation, credit appraisal, credit linking of SHGs, monitoring and portfolio quality control. He holds a Bachelors degree in Agriculture. He started his career as an Agricultural Officer in the Extension wing of Tamil Nadu State Agricultural Department.

L. Muralidharan - Chief Financial Officer

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



A. Sivaraman - Head HR

A Post graduate in Personnel Management, Industrial Relations & Labour Welfare, Sivaraman comes with over four decades of rich exposure and experience in the field of HR and labour relations; varied experience across sectors like engineering, auto and tool industries of repute in South India, besides NGO and NBFC. He has expertise in establishment of corporate HR practices, long term negotiations, and introduction of HRIS, mentorship & career development, learning & development, performance management, statutory compliance, public relationship, grievance handling, compensation reviews, competency mapping and exposure to project management as well as new ventures. He has also served in various capacities in FICCI, AUTVS, CII, EFSI; as State Government select Member of DOTE, Member & Faculty - Tamil Nadu Institute of Labour Studies, Chairman Management Council - Institute of Technical Education, Lead Auditor under OSHAS 18000. Sivaraman has also served as an internal auditor under ISO 9000.

K. Kalivarathan - Chief Technology Officer

Kalivarathan has over 18 years of experience in IT. He was previously employed with Aptus Value Housing Finance India Ltd as the Chief Information Officer based at Chennai. He has also served in SBI General Insurance, Sundaram Infotech, SIPTECH, RAMCO Systems and etc. He has implemented and managed projects/programmes in NBFC & Insurance sector including Enterprise Application Architecture and Digital Transformation. He has also completed Executive Programme in Data Mining and Analytics from IIT, Roorkee. His certification include PMP, CDCP and OCP.

V N Narayanan - Business Head Retail and Synergy

With 25 years of experience in retail lending space Narayanan has headed profit centre operations in the areas of personal loans, home loans, auto and commercial vehicles business. He has worked for 10 years with NBFCs before moving to the banking industry. He has worked with leading banks such as ICICI bank, axis bank and HDFC bank. He has exposure in setting up new branches, new market development, retail distribution, channel management, and has hands on experience in cross selling of various retail lending products.

Penugonda Prasad - General Manager Operations

A post graduate in agricultural sciences, Prasad has over 21 years professional experience in various middle management and leadership positions in leading agriculture based business corporations such as Nagarjuna Fertilizers and Chemicals, Tata Chemicals, Department of Agriculture (Government of Andhra Pradesh) and BASIX SubKi Transactions Limited where he was involved in agriculture extension, marketing, supply chain management and micro-credit. Recipient of the "Best Development Officer" award for promoting agri-inputs in Nagarjuna Fertilizers and Chemicals and the prestigious "Chairman's Club" award in BASIX group, Prasad has successfully implemented field level projects across several states in India. He has undergone 'Senior Leaders Programme' at IIM Ahmedabad.

Banabihari Panda - Chief Risk Officer

A finance and banking professional, panda has over 40 years of experience with Indian bank and its subsidiaries, holding senior positions like general manager, MD and whole-time director. With eleven years of teaching experience in the areas of economics, banking & finance, panda has in-depth industry expertise in rural lending, general banking, retail banking, housing finance, corporate finance, treasury management, risk management, capital market operations and related areas. A recipient of the Rajiv Gandhi Sadbhavana award for excellent performance in banking in 2009, Panda has co-authored books and written several articles in banking journals.

D.S. Chakravarthi - Head Internal Audit

A qualified Chartered Accountant with rich banking experience spanning over 32 years in Canara Bank in various capacities and in various parts of the country specializing in accounts, auditing, taxation, inspection and SME credit.

Sunil Kumar Sahu - Company Secretary

A qualified Company Secretary and a CA finalist, Sunil Kumar has over four years of corporate experience. His areas of expertise include corporate secretarial compliance, RBI Compliance, ROC compliance and facilitating meetings of the Board and Members. Prior experiences include working as Assistant Company Secretary with R R Group Companies and as an Audit Associate, exposed to both internal and statutory audits.

Investors



Sarvam Financial Inclusion Trust

Being the apex body of all Mutual Benefit Trusts (MBTs), Sarvam Financial Inclusion Trust (SFIT) has pooled the 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.



Hand in Hand Consulting Services Private Limited

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



Muthoot Finance

Muthoot Finance Limited (MFL), the flagship company of the Muthoot Group having over 130 years of business legacy, is India's largest gold loan company. MFL has AUM of over ₹ 27,278 Cr, PAT of ₹ 1,180 Cr and net worth of ₹ 6,516 Cr as on 31-03-2017. The group's presence is also in other sectors like hospitality, travel & tourism, plantation, home & vehicle finance, life/health/general insurance, forex, money transfer etc., making it a diversified business brand. MFL was ranked as India's most trusted finance diversified brand by the 2017 Brand Trust Report India study. They were also recently conferred the "Express Uptime Champion Award 2016" by the Express group for Muthoot Group CBS and IT infrastructure.

Bankers





Associates



Debenture Trustees



Industry Environment and Belstar

Financial Inclusion and Demonetisation

By and large, the microfinance industry has demonstrated a mixed bag of experience in the FY 2016-17. During 2015-16, Government of India provided a new dimension to the sector by providing banking license and in the past fiscal another initiative was taken by providing green signal to Small Finance Banks. It was clear that the Government of India has provided larger emphasis and impetus for financial inclusion through Microfinance.

On November 8, 2016, the Government of India announced the withdrawal of legal tender status of ₹500 and ₹1000 denominations, which was around 86% of the total currency value in circulation. Consequently, the currency in circulation declined significantly from ₹17.88 lakh crore as on November 11, 2016 to ₹8.98 lakh crore, as on January 6, 2017. Since then, the currency in circulation has increased to ₹13.35 lakh crore, as on March 31, 2017. (RBI)

During the quarter ending December 31, 2016, the NBFC-MFI industry saw a 35% decline in disbursements and a 2% decline in GLP, as compared to the quarter ending September 30, 2016. (MFIN Micrometer December 2016)

However, the industry has been resolute despite demonetization announced in November 2016. The environment in certain geographies has been promising for conduct of business, whereas, the markets were challenging in certain pockets. There was a time when the industry had to compete among its peers.

Portfolio at Risk (PAR) 30 days for the NBFC-MFI industry increased to 14.15% as on March 31, 2017, from 0.40% as on March 31, 2016, while PAR 90 days increased to 8.18% as on March 31, 2017 from 0.20% as on March 31, 2016. PAR 180 days remained under 0.22% as on March 31, 2017. (MFIN Micrometer March 2017)

During 2016-17, NBFC-MFIs received a total of ₹24,896 crore in debt funding from banks and other financial institutions. Debt funding through securitisation of MFIs portfolio was at ₹4,041 crore. (MFIN Micrometer March 2017)

The scenario has changed now with the advent of banks, small banks and NBFCs in the same sphere of competition. Nevertheless, microfinance goes a long way in boosting the financial inclusion goals and it is certain that any entity with prudent credit norms and vigil shall have a long innings.

Belstar

Belstar Investment and Finance Private Limited (BIFPL) was incorporated in January 1988 at Bangalore and being a Non-Banking Finance Company, the Company was registered with the RBI in March 2001. The Company has been reclassified as "NBFC-MFI" by RBI effective 11th December 2013. BELSTAR was acquired by the Hand in Hand India (HIH India) group in September 2008 to provide scalable microfinance services to entrepreneurs nurtured by the HIH India's Self Help Group (SHG) program. It aims to provide financial assistance to more than 0.3 million borrowers within the next five years and intends to use its synergy with the activities of the HIH India group to create five million jobs by end of 2020. Belstar started its micro lending operations in a small way in one district in Tamil Nadu and two districts in Karnataka in April 2009.

Products, Services and Customers

In the first five years of its operations post acquisition by HIH India, Belstar primarily relied on taking over the existing groups formed by HIH India. Belstar now follows both the SHG as well as the JLG model of lending. Muthoot Finance Limited a listed company and the largest gold financing Company in India has made a strategic Equity Investment of ₹40 Crore in the Company in the month of July 2016 and also acquired the entire stake from the foreign Investors.

As a result of several expansion measures Belstar has marked a faster growth rate than the NBFC-MFI sector considered as a whole in every aspect.

TABLE 1 BELSTAR AND NBFC-MFI SECTOR: A COMPARISON

Indicator	MFIN Members			Belstar		
	FY 16-17	FY 15-16	YoY Change	FY 16-17	FY 15-16	YoY Change
	As of 31 st Mar 17	As of 31 st Mar 16	(%)	As of 31 st Mar 17	As of 31 st Mar 16	(%)
Branches	9,012	6,867	31	155	76	104
Employees	86,440	58,038	49	1,093	561	95
Clients	2.75 Cr	2.12 Cr	30	3,36,871	208702	61
Gross Loan Portfolio (₹Cr)	46,847	37,469	25	575.91	264.27	118
Loans disbursed during the year	2.83 Cr	2.49 Cr	13	2,67,541	1,45,010	84.5
Loan amount disbursed during the year (₹Cr.)	50,266	44,324	13	651.33	293.30	122

Source: Micrometer Issue 21_FY 16 17_Final version for Public

Belstar - Operational Highlights

- * Growth in portfolio , 118%, from ₹264 Crore as at March 2016 to ₹576 Crore in March 2017
- * Loans Disbursed worth Rs 651.33 crore during FY 2016-17 which was all time highest in a financial year
- * Belstar has become a systemically important MFI by crossing the ₹500 crore threshold
- * Loans disbursed in March 2017 amounting to ₹108.24 crore making it the first time in the history of Belstar to cross ₹100 crore disbursement mark in a month
- * Staff strength crossed 1000
- * Number of branches increased to 155 from 76
- * Operations expanded to new states of Odisha and Kerala, and newer Geographies in Tamil Nadu, Karnataka, Maharashtra and Madhya Pradesh.

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 sector. 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, and 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 a sustainable livelihood, generate income to support for 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 for Micro, Small and Medium Enterprises (MSME). Only a small fraction of loans are given for other purposes. Home Improvement Loans, Water & Sanitation Loans and Consumer Goods Loans were introduced during year 2016-17.

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.

The rationale derives its essence from the Company's Vision and 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

Products and Services

TABLE 2 PRODUCTS AND SERVICES OFFERED BY BELSTAR

Loan Product	Loan Amount	Rate of Interest	No. of EMIs	Repayment Period	Holiday Period	Processing Fee on Loan Amount	Service Tax on Processing Fee	Insurance Sum Assured
Unit	₹	%	No.	Months	Months	%/₹	%	₹
Micro Enterprise Loans Cycle 1	15,000	24.5	11	12	1	1	15	25,000
Micro Enterprise Loans Cycle 1	20,000	24.5	11	12	1	1	15	25,000
Micro Enterprise Loans Cycle 2	30,000	24.5	23	24	1	1	15	35,000
Micro Enterprise Loans Cycle 3	40,000	24.5	23	24	1	1	15	45,000
Micro Enterprise Loans Cycle 4	50,000	24.5	23	24	1	1	15	55,000
Educational Loan	20,000	25	12	12	Nil	2	15	25,000
Home Improvement Loan	25,000	25	25	25	Nil	2	15	30,000
Small/Medium Enterprise Loan 1	75,000	25	29	30	1	1.5	15	75,000
Small/Medium Enterprise loan 2	1,00,000	25	29	30	1	1.5	15	1,00,000
Consumer Goods Loan 1	Upto 10,000	25	12	12	Nil	₹100	15	10,000
Consumer Goods Loan 2	11,000 to 15,000	25	24	24	Nil	₹200	15	15,000
Sanitation Loan 1	10,000	25	12	12	Nil	2	15	15,000
Water and Sanitation loan 2	20,000	25	12	12	Nil	2	15	25,000
Water and Sanitation loan 3	25,000	25	12	12	Nil	2	15	30,000

Portfolio Mix

TABLE 3 ACTIVITY WISE DISTRIBUTION OF LOANS

S. No.	Activity	FY 2016-17 %	FY 2015-16 %	FY 2014-15 %
1	Agriculture & Allied	58.13	51.20	54.00
2	Service	24.15	16.15	12.27
3	Trade & Business	9.75	10.34	20.81
4	Education loan	3.22	2.70	0.79
5	Production & Manufacturing	2.68	18.92	12.13
6	Consumer Goods Loan	1.61		
7	MSME Loan	0.32		
8	House Improvement	0.11	0.69	
9	Water & Sanitation	0.03		
	Total	100.00	100.00	100.00

DISTRIBUTION OF PORTFOLIO AMONG PRODUCTS

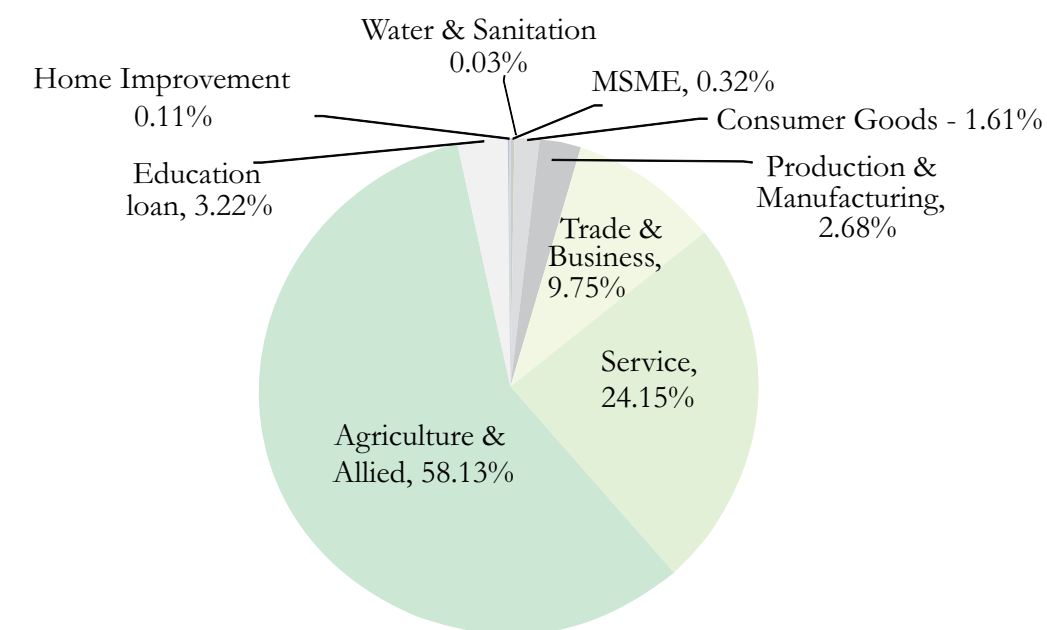


Figure 1

AGEWISE DISTRIBUTION OF CUSTOMERS

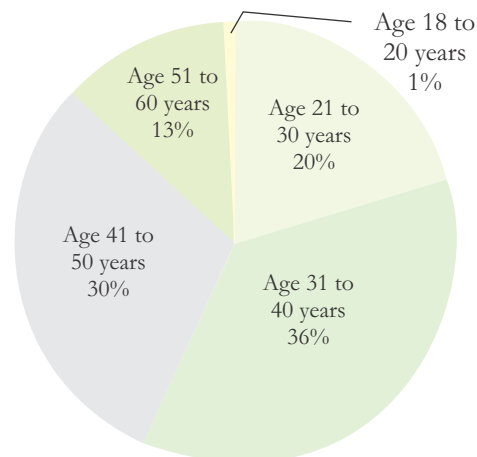


Figure 2

AREA WISE DISTRIBUTION OF CUSTOMERS

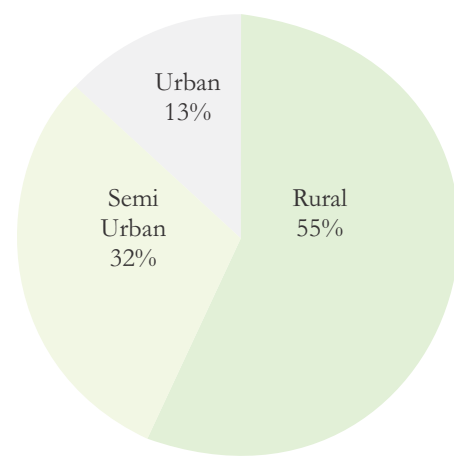
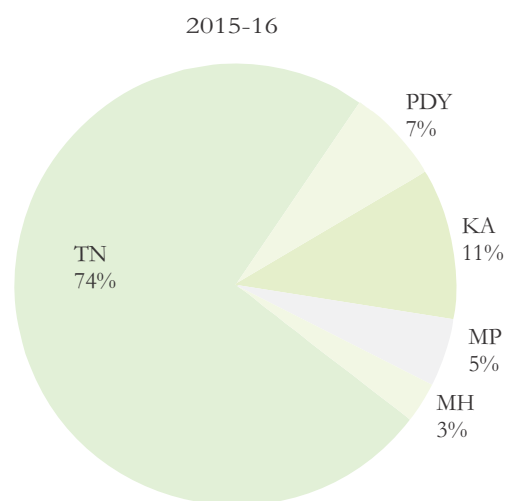


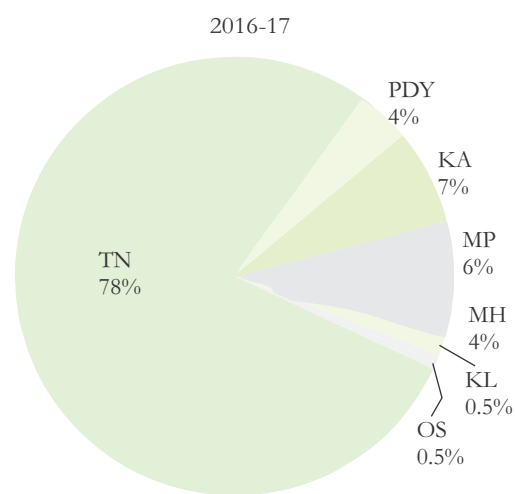
Figure 3

STATE WISE DISTRIBUTION OF GROSS LOAN PORTFOLIO



Amount : 264.27

Figure 4



Amount : 575.91

Figure 5

North Region	
State/UT	1
Branches	18
Customers	16,052
Loan amount disbursed (₹ Million)	405.67

East Region	
State/UT	1
Branches	4
Customers	1,338
Loan amount disbursed (₹ Million)	44.37

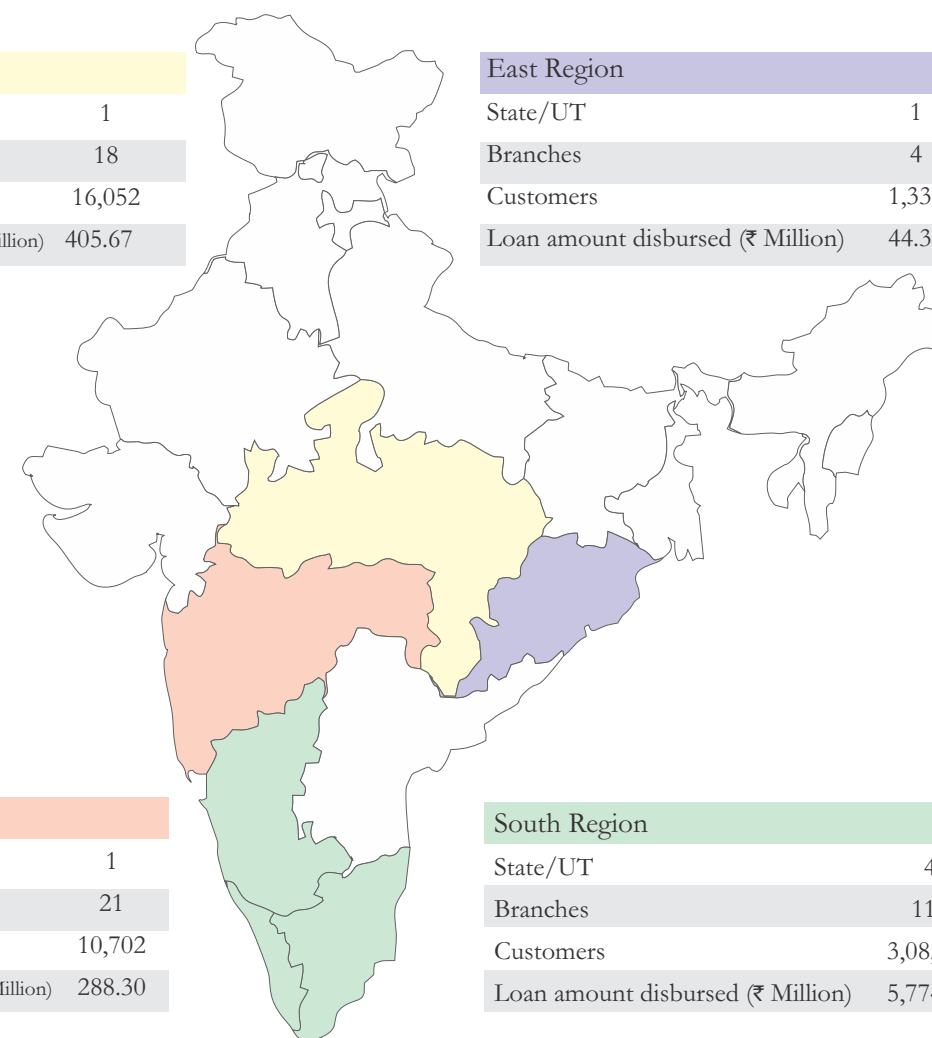


Figure 6

West Region	
State/UT	1
Branches	21
Customers	10,702
Loan amount disbursed (₹ Million)	288.30

South Region	
State/UT	4
Branches	112
Customers	3,08,779
Loan amount disbursed (₹ Million)	5,774.96

Total outreach	North	South	West	East	
States/UT	7	Madhya Pradesh	Tamil Nadu	Maharashtra	Odisha
Branches	155	Pondicherry			
Customers	336871	Karnataka			
Loan amount disbursed (₹ Million)	6,515.06	Kerala			

Risk Management and Ensuring Service Quality

Financial Risks

Credit Risk – Measured by amount of overdue and portfolio at risk.

- * Transaction Risk - delay or default in repayment by the borrower
- * Portfolio Risk – managed by limiting the exposure borrower wise, activity wise and geography wise to avoid concentration risk.

These risks are managed by meticulous process of proper identification of the borrower as per KYC policy, scrutinizing purpose or activity for which loan is sanctioned, post disbursement utilization check of the loan amount and monitoring over the life of the loan. It is also fortified by obtaining life insurance cover for the borrower to the extent of credit exposure.

Liquidity Risk - The Company has ensured availability of borrowing limits from lenders to meet its fund requirement for loan disbursement.

Market Risk –

- * Assets and Liability Risk – A & L Risk involves mismatch between assets and liabilities either due to liquidity or change in interest rate. The Company, with a strong credit rating of 'A' and 'MFI-2', is able to negotiate borrowing of funds at finer interest rates and maintain sufficient float at all times.
- * Foreign Exchange Risk – During the reference period, the Company did not have exposure to FX risk.

Operational Risks

Operational risk involves loss arising out of failure of internal systems and processes, employee errors and breakdown of IT system. This is addressed by training to employees at the time of induction and subsequently through periodical refresher programmes. During the trainings, emphasis is laid on imbibing the company's vision, mission and values; fair practices and Code of Conduct (CoC). Potential irregularities or fraud are prevented by ensuring strict compliance to laid down internal systems and procedures through and effective internal audit mechanism. The Company has a robust IT system with inbuilt business continuity plan and disaster recovery management drills.

Business Risk

The Company is guided by an experienced and expert Board of Directors, supported by a professional top management team and governance structure in strategizing its business policies to meet market competition, to exploit the available business opportunities and to meet the challenges. The Company has sufficient capital adequacy to leverage the business opportunities.

The Company enjoys goodwill and reputation in the industry as a socially responsible MFI. The challenges arising from the event of demonetization during the reference period were addressed by introducing alternative channels of loan disbursement such as 'pre-paid cards' and direct credit to bank accounts of the borrowers. A sudden increase in amount overdue post demonetization is being addressed by increased interaction with clients individually as well as community level interventions such as health camps, customer education on digitization of financial transactions, etc.

Legal, Regulatory and Internal Compliance Risk

The Company has a dedicated team and system support for conducting internal audit and for ensuring legal, regulatory compliance and other observance of Company's non-negotiables.

Ensuring Service Quality

* Customer Retention, Care & Protection

A copy of the loan document, loan card detailing loan repayment schedule, interest rate, balance outstanding, processing fee, and insurance premium, are made available; 100 % borrowers are insured for life to the extent of covering the loan exposure. No methods whatsoever of duress are resorted to for recovery of loan. Customer data is not shared with anyone other than for regulatory requirement.

* Customer Service Committee -

Altogether 369 Committee meetings were conducted across all the branches.

* Code of Conduct

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

* Grievance Redressal Procedure

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

Staff is educated on CoC and grievance redressal procedure, during induction training and complemented by further refresher training. Customers are educated on grievance redressal procedure at the time of on boarding and during group formation, besides further need based training at regular intervals.

Grievances update for 2016-17		
Received	Solved	Pending
72	68	4

* Financial Literacy Training

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

Information Technology

Business and Service Models

Belstar has come a long way in creating and strengthening scores of SHG businesses since its inception. Last year Belstar also started Joint Liability Group (JLG) in new as well as existing states that includes Karnataka, Maharashtra, Madhya Pradesh and Kerala. With business expansion taking giant leaps both in SHG and JLG models, IT systems forms the backbone of the operations.

An Advanced Foundation Infrastructure/Systems

To support the robust system for both SHG and JLG, for the kind of rapidly growing and expanding markets, a strong base for the infrastructure is necessary. To address the availability and scalability of the system, Belstar has implemented cloud technology for its business critical application hosting and its managed services. It also enables capacity planning for the rapidly changing need for the resources. Belstar has partnered with NxtGen Cloud data center to host its applications in their world class Bangalore facility.

Microsoft Dynamics NAV

Microsoft Dynamics NAV is an ERP customized to suit SHG business model. It also supports enterprise accounting for Belstar. It has been servicing about 108 branches with over 3,00,000 active borrowers during the reference year. This system has evolved optimally, with all necessary features, fully equipped for smooth operations as the numbers grow. The entire loan life cycle starting from origination, disbursement, collections, accounting and closure is being managed with a single solution.

Jayam E-Fimo

JAYAM E-Fimo application is an off-the-shelf product to fit into JLG business model. This application also manages the entire loan life cycle of the company's JLG operations.

Pre-paid cards

Belstar has introduced a new disbursement mode using pre-paid cards from 27th January 2017. This has become an easier way of disbursement as the money can be withdrawn from any ATM. Operationally, this brings lot of convenience and ease to manage, resulting in lesser turnaround time. Belstar has tied up with DCB, one of the premium card brands, for this initiative.

Business Continuity Plan

As Belstar has become a systemically important NBFC MFI, IT systems and policies have become vitally important for operations, management as well as for regulators. As mandated by the newly introduced IT policy, Belstar has secured a disaster recovery site located at NxtGen Mumbai for all its critical IT systems during 2016-17. This disaster recovery site takes care of the business continuity during non-availability of the primary site.

Future innovations

To bring process controls and efficiency Belstar has committed to automate and digitalize all its processes through mobile applications along with work flow management. This would enable greater efficiency and control with optimal resources at the back office to process the loans. As the numbers grow both in terms of value of loans and active members, Belstar is working on operationalising a centralized loan processing centre.

Hand in Hand India's Road to Financial Inclusion

Hand in Hand India is Belstar's social partner. This May 2017 article by Dr. Kalpana Sankar, Managing Trustee, HIH India and Managing Director, BIFPL, is reproduced from linkedin.com.

Hand and Hand India Model

Though each enterprise established is unique and inspired in its own way, the liberating economic independence and confidence gained by the women is the shared outcome of the microfinance and SHG programme. Breaking societal norms and standing up for themselves, these women bring in additional income, have the power to make decisions, have the resources to educate and feed their children and ultimately are able to provide a better quality of life for the entire family. In addition, being part of SHGs gives these women powerful collective voices in the society. Trade based federations of businesses, let the women enjoy better bargaining power, access bigger markets, mobilise high order finances, and establish their own brand. The expanded businesses have a ripple effect in creating additional jobs for other women, and men in the society, hence leading to sustainable development.

An earlier study on Hand in Hand group's contribution towards enterprise promotion and Employment Generation has ascertained that every member associated with HIH is able to support 1.60 jobs of which 1.56 jobs were sustained. (MCRIL 2012) Hand in Hand's current estimated job creation stands at 2771245 jobs (HIH India May 2017).

Microfinance for Financial Inclusion – where India stands

India stands at a paradoxical juncture – on the one hand it could be rated as one of the top five economies of the world by 2050, while on the other, it has the dubious distinction of over one fourth of its population being poor. The United Nations Sustainable Development Goals (SDGs), which, among other issues, seek to end poverty, promote gender equality and empowerment of women give critical importance to access to finance to achieve these goals. The NSSO 59th round survey results reveal that over 50% of farmer households in India are financially excluded from both formal and informal sources, with 73% having no access to formal sources of credit. As per Census 2011, only 58.7% of households in India avail banking services. According to the C Rangarajan Committee on Financial Inclusion, financial inclusion may be defined as the process of ensuring access to formal financial services and timely and adequate credit for vulnerable groups at an affordable cost. Financial inclusion can be leveraged to reap immense benefits from our demographic dividend as it broadens the resource base of the financial system by promoting a culture of savings among the rural population, protecting their financial assets and preventing exploitation by usurious money lenders. It is not only loans that the poor need, but a range of financial services that are affordable, flexible and convenient. Though the RBI has adopted a bank-led model to push financial inclusion, it recognizes the reach and immense contribution of NBFC-MFIs at the grassroots level. However, MFIs are often in direct competition with formal banking. Instead



of focusing on financial inclusion as a process, it is better to focus on instruments and institutions that will promote financial inclusion. MFI success can ride on certain key factors such as robust systems and processes, maintenance of asset quality, prevention of credit losses and capital erosion and adequate capitalization for funding growth plans.

A Way ahead

'United we stand' derived from a fable aptly fits the SHG and microfinance movement in India. Coming together as a collective is a measure of strength for women, especially in underdeveloped pockets. These collectives provide these women with platforms to voice their views, negotiate and create linkages with larger institutions such as banks and Governments and in turn tackle poverty. A Social Return on Investment (SROI) study conducted by IIT Madras at Hand in Hand India reveals that for every ₹1 invested in the SHG programme, the return is ₹42.9 Hand in Hand India's pivotal role in providing financing solutions for the vulnerable unorganized sector has led to an increased social impact through enhanced income, autonomy for women in the household, access to health and education facilities and human capital formation through skill development. The organization is on its path to creating 5 million jobs by 2020!

Belstar's Social Performance

Share of women clients

Percentage of women clients of all borrowers is 100%.

Share of vulnerable communities

Percentage of vulnerable clients of all borrowers is 35%. Vulnerable communities include Scheduled Castes, Scheduled Tribes, Disabled, Widows & Separated women.

Depth of outreach

Depth of Outreach is the ratio of the average loan balance to the per capita Gross National Income. Average loan balance across the customer base as on March 2017 is ₹17,126. The Per Capita Gross National Income (PCI) at current prices for India is ₹1,03,007 as per Government of India report, 2016. Depth of outreach is 16.63 %, which is well below 20 % a ratio deemed to be pro-poor.

Non-financial services offered

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

Clients Benefited From Training

Number of SHG leaders trained	5909 leaders
SHG/JLG members trained on Group management	62082 members
SHG/JLG members trained on Financial Literacy	83566 members
SHG/JLG members trained on Entrepreneurship	9762 members
Trade related Skill training given to women	2728 members

Corporate Social Responsibility

-A Way of Life

Responding to Basic Healthcare Needs of Rural Communities holistically through Promotive, Preventive and Curative Interventions

In this global era where all things are possible at the click of a button, according to a recent report, it is the scarce and scattered presence of medical facilities, rather, than the poor state of medical facilities, that is responsible for poor health status of rural population in India. HIH India has joined hands with Belstar to address this gap in access to health care in few villages in Tamil Nadu, India. HIH India's Health Pillar was the technical and implementing partner whereas Belstar provided financial support under its CSR programme. Awareness training on health for SHG members and weekly clinics with screening, diagnosis and treatment facilities were the key activities under Belstar's CSR programme.

SHG Health Training

Four specially designed modules, keeping in view the target audience of illiterate or semiliterate women SHG members, were used for training on general health, nutrition, hygiene and sanitation. SHG Health trainings aimed at bringing about behaviour change and promoting positive health practices among the SHG members, their family members and community at large. Besides improving the morbidity profile and quality living among people, improved nutritional and hygienic practices are also expected to result in increased work participation rate, increased productivity, reduction in financial shocks arising from ill health and reduction in health expenditure. Overall, 4728 SHG members belonging to 425 SHGs from Kancheepuram, Villupuram, Thiruvannamalai, Pudukottai and Trichy districts of Tamil Nadu, and from Dhar district in Madhya Pradesh attended the four module training staggered over the year 2016. The trainings were facilitated by HIH India Mobilizers and Organizers, and conducted by trained Community Trainers.

Kai-raasi clinic (Clinic with Lucky-Hands)

Kai-raasi clinics were envisaged as community clinics to provide basic essential medical services to benefit rural communities that have difficulty in accessing the nearest Public Healthcare Facilities. The Clinics were initiated through a tripartite agreement, among the Village Administration, the community members and HIH India. The village administration or the Panchayat President provided necessary infrastructure such as the venue for clinic, furniture, electricity, etc. The community members paid a highly subsidised fee of just twenty rupees per consultation and medicines, and HIH India ensured scheduling the clinic operations, mobilizing the community members and smooth functioning of the clinic.

Weekly or fortnightly Kai-Raasi Clinics were held on specified days during February and March 2017. Kai-Raasi Clinics functioned between 9.30 in the morning and 1 o'clock in the afternoon, a time convenient to majority community members. A registered medical practitioner was engaged for the purpose. Besides attending to the immediate health complaints, a general screening was also undertaken for common ailments such as leg pain, back pain, diabetic evaluation, hypertension, fever, cold, cough, stomach pain; ailments pertaining to ear, nose and throat (ENT) and both communicable and diarrheal diseases. Deworming medicines were provided to patients with parasitic infections to prevent anemia. Patients have been referred to nearby health facilities like Primary Health Centres and Government Hospitals for treatment that could not be handled at the clinics. A systematic follow up was also undertaken for patients as necessary.

The 41 clinic sessions conducted in two villages from, Annathur and Nathapattai villages of Kancheepuram district in Tamil Nadu, have so far benefited 2530 patients, majority of them women (1622). Considering the superlative response the clinics are slated to continue to run in the coming year as well.



Health training sessions in progress



SHG member mapping healthcare resources during the training workshop



General screening at the weekly clinic



Health training sessions in progress



SHG member mapping healthcare resources during the training workshop



General screening at the weekly clinic

Success stories abound

On the Fast Track

Geetanjali Tripathi, a tenth class pass; having grown up in a self-sufficient lower middle class family nurtured one dream for two long decades- to make Jogya, her son, an engineer, and lead a safe and financially secure life. She spent her childhood with her parents, two brothers and four sisters in Pipili, a village known for applique art work. After her wedding with Prafulla, who also originally hailed from village Kushpur near Pipili the couple shifted to Rajagangpur, a small town near Rourkela, where Prafulla worked as a priest in the Birla temple at Company's Paper Mill site. Relocating from the reasonably comfortable village life to a highly demanding life in a distant industrial town was upsetting for Geetanjali. To run the household with a small salary that Prafulla earned as a temple priest was extremely challenging. Leave alone Jogya's education, the family was barely living from hand to mouth.

Historically, people of Pipli made applique umbrellas and canopies for the thousands of temples in Odisha. The small village, forty kilometers away from the Lord's abode in Puri, has come to be globally known as the destination of applique, making the craft the main source of livelihood in Pipili. Naturally, like other young girls of Pipili, the traditional art had rubbed on to Geetanjali as well. The applique art and tailoring skills came handy during her early married life. She started taking tailoring assignments and also trained women in tailoring to earn additional income enabling a modest living for the family.

Things however began to look up in 2012 when Geetanjali joined Swastik, an SHG formed by Hand in Hand India. This enabled her to teach applique work to other SHG members as well. The group members paid 10,000 rupees to a professional trainer to teach them Tie n Die art. With an internal loan of twenty thousand rupees, from her SHG, and two subsequent cycles of loans totaling forty five thousand rupees from Hand in Hand, and forty thousand rupees from Belstar, Geetanjali's boutique for applique and Tie n Dye clothes flourished.

Eventually, other SHG members became partners in the business with Geetanjali mainly playing the role of a mentor to the young women, starting a ripple of employment in her neighborhood. Encouraged by District Industry Centre (DIC) and NABARD at the Sundargarh district headquarters, the group members sold their wares at various exhibitions and weekly bazars. With a steady stream of enquiries about their products the business grew up in scale. With just three months into this venture, the women produced three hundred sets of decorated umbrellas, canopies, scarfs, bed sheets, pillow covers, etc. in a single month. With their repertoire widening to vanity bags, hand towels, dress materials, each member of the group could draw a profit of five to seven thousand rupees depending upon her share of piece work contributed.



Geetanjali Started with a home based shop...

FINANCIAL FACTS AND FIGURES

Investment in the clothes' business

Internal Loan : ₹20,000

HIH India Loan, First cycle : ₹15,000

HIH India Loan, Second Cycle: ₹30,000

Belstar loan : ₹40,000

Individual monthly income : ₹5,000 - ₹7000

Ten sewing machines and one interlocking machine were bought.

The women have traversed a long arduous but exciting path to achieve success. Before the boutique business they have also tried their hands at candle making and mushroom cultivation. But the logistics and economics did not work. With prior experience in applique work and tailoring business, Geetanjali was rather confident about expanding the boutique business.

The women have progressed on many fronts. The women have bought machines with loans from Hand in Hand and Belstar. From a home based one room work station, the business has shifted to two rented rooms. The women, who did not venture out of their homes, now travel forty kilometers to Rourkela and four hundred kilometers to Pipili to buy materials and to sell their products in various exhibitions and markets. Their recent participation in the Mahila Mela at Chennai, a trade fare organized jointly by Hand in Hand India and NABARD, is a sure indication that their business has entered a higher league. Importantly, the most visible economic success and increased social credibility has translated into formation of another SHG, Jeevandhara, in their locality. The new members too have been meeting and saving, and repaying loan regularly. Twelve women from the two SHGs have joined this partnership venture and share the profits based on individual products each of them have made.

On a personal front, Geetanjali is happy that her association with Hand in Hand and Belstar has helped her earn and save enough to finance Jogya's four-year engineering degree course at Bhubaneswar. He is now working as a software engineer at HP, earning a good eighty thousand rupees per month, an amount unthinkable for Geetanjali. She is "incredibly happy and blessed to be a part of Belstar and HiH India initiatives, but feels doubly happy that the training and mentoring provided by the organisations have brought hope to so many other families" She wishes to train the young girls in the area in the applique and Tie n Dye art, and mentor them in pursuing businesses, so that they can live respectable and happy lives. Recent tragic events of violence against women in Rajgangpur have made Geetanjali rather firmer in her resolve to empower the women in her neighborhood.



Now she is a mentor for several other women exploring business opportunities such as Mahila Mela at Chennai



Lata, leading from the front

Lata has come from a well-to-do farmer family that owns fifteen acres of irrigated agricultural land. The whole family worked on the farm round the year. With more working hands needed for farm work Lata and her brother both had to drop out of school and joined the farm duties. Lata married at a young age and had her children right after her marriage, when she was still an adolescent. Now Lata understands the disadvantages of early marriage and early motherhood. Hence, she waited till her daughter, Kritaka, pass the Secondary School Certificate (SSC) Examination, and till she turned eighteen, before arranging her wedding. Lata has also encouraged her daughter to join an SHG and also undergo skill trainings in tailoring, beauty treatments and applying henna so that she can earn money and be self-reliant.

Lata herself runs a provision shop in kumhar Moholla, Sehore, Madhya Pradesh, while her husband takes catering orders during wedding seasons. They needed money to invest in the provision shop, and also for buying food stuff for the large catering orders for family functions. The loans received from Belstar and banks have helped them tide over these requirements. Their son Palakesh is studying in ninth class and dreams of joining army after completing Higher Secondary School Certification (HSSC) examination.

Lata could clearly see both the need and potential for SHG activities in the area where she lives. "The area is not so backward in terms of basic amenities. However, there are lots of poor households living on the outskirts", says Lata. The women from those families looked up to Lata to help them with the SHG activities and loans. Lata did not disappoint them. She has started four new SHGs in her village with her own initiative, and has been mentoring the women to start businesses. Each one of the newly started SHGs have been engaged in some income generating activities such as tailoring, catering, vegetable vending, etc. Lata is a known figure and a go-to person for the women for any of their personal troubles.

FINANCIAL FACTS AND FIGURES

Loan history

₹20,000 Loan from Belstar

₹ 1,00,000 Loan from Bandhan Bank

Income for the family

₹ 15,000 Monthly from the provision shop

₹ 1,00,000 Yearly from the catering business

The family also has agricultural income from the five acres of land.

Stepping out in the Wild World

Gomathi has come a long way from being a home bound and shy person of few words, to being an Animator of her Sri Ramajeyam SHG and an entrepreneur in her own right. At Belstar, now it is a given that miracles do happen. Knowing this well Manjula, the Credit Officer, at Belstar's Nimili branch, persuaded her to join the SHG. Manjula also made it simpler for Gomathi by also convincing Nagarajan, her husband, and securing his consent. Being a higher secondary school graduate and skilled typist, Gomathi was made an Animator of the group.

When affairs of the SHG were streamlined and scheduled trainings were provided. Gomathi, started a photocopy shop, sensing the need in her village, Nemili. The shop was very useful for the people from surrounding villages, who visited Nemili, a block headquarter, on official businesses in the Government offices or banks. Earlier people would travel fifteen kilometers to Arakkonam, to take a measly photocopy. Gomathi had utilized the credit facilities offered by Belstar and started a photocopy unit with additional investment from on her own savings. Besides photocopying documents, she also kept copies of various Government application forms that need to be submitted for getting subsidies and entitlements. With the steady stream of customers she could make about two hundred rupees a day.

GOMATHI'S ECONOMIC MILESTONES

PHOTOCOPY SHOP

₹ 12,000 Belstar loan,

₹ 18,000 Internal loan from the SHG

₹40,000 Money by pledging Jewellery

₹ 70,000 Cost of the Photocopy Machine

STEEL VESSELS SHOP

₹ 15,000 2nd cycle Belstar Loan

₹ 24,000 3rd cycle Belstar Loan

₹ 50,000 Bank loan

₹ 89,000 Total amount used as investment

CURRENT AVERAGE MONTHLY INCOME

₹ 15,000 During regular months

₹40,000 During wedding seasons

GOALS

To secure loan to diversify into furniture business

To support her daughter's higher education

To support her son to start a business as he is not inclined to opt for higher education.



'Joining the SHG was a turning point in my life' says Gomathi

Talking to SHG members, customers and officials, Gomathi's communication skills improved impressively. She started motivating other SHG members as well to start small businesses. She is the role model of members of the SHG and has helped almost every member of the SHG to become an entrepreneur. Indhumathi started a shop selling pesticides; Pradeepa, a fancy store and beauty Parlor; Indu, a rental service of vessels for marriages and other functions; and Amudha, a saree weaving unit, thanks to encouragement and support from Gomathi. Owing her rapport with the Government and Bank officials, she could secure a bank loan of twelve lakh rupees for the SHG of which seven lakh rupees was the subsidy. SHG Members could start the businesses with the amount and have repaid the loan on time. From initial 100 rupees per month per member saving, the SHG has now doubled the saving amount, and lending upto 50,000 rupees as internal loans.

Pooling money from her SHG savings, taking internal loan from the SHG and from Belstar, Gomathi has now started a stainless steel Vessels shop. While Gomathi runs the vessels' shop, Natarajan runs the Photocopy unit. The couple earn a decent income and is confident to ensure a secure future for their children. They have renovated their house with their savings, and leading a quality life.

Their next stop is a steel furniture shop. During his youth Nataraj had worked as an agent with a steel furniture shop, but did not earn much through the job due to some health concerns. But he had always dreamt of owning a steel furniture shop. Gomathi has plans of expanding the vessels' shop adding furniture items such as cupboards and shelves and other household utilities. Gomathi is a known face in the market now. She has earned people's confidence through her earnest demeanor.

Bustling with Ideas

Sofia is the only one among the three sisters who completed her graduate and post graduate studies. For a simple lower middle class family that she comes from, this was a huge achievement. She worked for a Mumbai based blue chip company in Palakkad, before she was married to Zearuddin from Kuduvayur. Unlike the matrilineal system followed in Kerala, Sofia moved from Kollam to Kuduvayur where Zearuddin lives. The place was not very far from Palakkad, however, despite her qualifications, Sofia found it difficult to secure a suitable job there. She decided to help Zearuddin's retail agency for pickles and jams. Zearuddin is ready to support her if she wishes to do something on her own too. Luckily for Sofia, within few months on shifting to Kuduvayur, she was introduced to a Self Help Group. Sofia soon joined the SHG and started saving. Eventually, she was able to secure a loan of 20000 rupees from Belstar, which she invested partially in the retail agency and partially for buying a sewing machine. Sofia herself does not know tailoring. She has placed the machine in her friend's tailoring unit and appointed a women tailor there. She provides stitching assignments to her. Sofia gets about 3000 rupees a month as a percentage commission of all the stitching charges that the woman earns.

Sofia, a postgraduate in business administration, is actually interested in running a kiosk for selling cleaned and hygienically packed fish. She got to know about the products marketed under the brand name Fish Maid through a friend in her SHG. SHG members are encouraged to get involved in various stages of production, packaging and marketing.

Sofia, however is not interested in working for any such brand. She wishes to start her own enterprise to buy and sell the fish. In Palakkad, she says, there is increasing requirement of cleaned fish as many working women do not have the time to do the cleaning. The fish sold door to door or at roadside shop by fish vendors is neither clean nor hygienic. Sofia feels that there is a good business opportunity to sell cleaned and packaged fish. Initially, she wishes to start the business from home and when the sales grow she could rent a place in the market. Sofia has also thought about marketing her fish on social media. Facebook and whatsapp are very easy to spread the word, and she could also take orders online. Zearuddin's experience in retailing the pickles and jams will certainly be useful in production and packaging of fish products as well. Joining the SHG, and getting the first loan was her baby step to the potential big business. Sofia and Zearuddin are ready for the long haul to success.

Negotiating Freedom

Unlike most of the people Rajalakshmi's has shifted base from a megalopolis that Mumbai has come to be, first to a metropolis of Chennai, and then to Pudupet, a town Panchayat in Cuddalore district. Unlike most of the women in rural areas, mostly poor, illiterate and unskilled, Rajalakshmi's concerns were different in nature. After completing high school education, she passed the higher secondary school exam externally. She acquired a graduate degree in commerce, and completed Pre-primary teacher training and computer teacher training through Government's Distance Education Programme. Having lived in metros and after all the education and skills she acquired, living a life of a housewife, within the four walls of her home in a rustic countryside was a stifling experience for Rajalakshmi.

Her neighbor and close friend Ishwari, suggested that she joins an SHG. However, her conservative in-laws made their disapproval of her going to a faraway place from their home quite clear. But having tested ample freedom as a young urban girl, Rajalakshmi sensed an opportunity in the SHG phenomenon. At the same time she did not wish to disrespect her in-laws. She found a golden mean. She mobilized women in her own neighborhood and formed Sri Mullai SHG in 2011.

Hearts of her in-laws too melted, with Rajalakshmi's obedient demeanor and compromising spirit. With her sister in law's support Rajalakshmi enrolled for a beautician course. On completing the basic course, she also underwent an advanced beautician's training at Anandi Beauty Parlor in Puducherry. To her pleasant surprise, her father in law loaned her fifty thousand rupees to start a small beauty parlor from home.

The beauty parlor met with a cold response initially. She thought she needs to invest more to make it bigger, better and attractive to the clients. Meanwhile Rajalakshmi worked as a professional beautician for trainings organized by Belstar. She has trained about 120 women in basic beauty techniques. That really helped her spread a word of mouth about her parlor and also increase her credentials as a beautician. With four cycles of Belstar loans she has set up a well-equipped beauty parlor at home. A few months later foot falls in her parlor increased to about 500 per month, and her turnover to about 20000 rupees. She has employed an assistant to service the flow of customers. Such resounding success has helped Rajalakshmi bargain for more freedom in making her business related decisions and her movement outside home. Rajalakshmi now visits homes of her customers for bridal make up which is a big hit in the Panchayat. "I would like to expand the range of services offered there and also buy the required equipment" she says, when asked about her future plans.

FINANCIAL FACTS AND FIGURES

Beauty Parlor
₹50,000 Personal loan from father in-law
₹20,000 Raised by pledging jewelry
₹12,000 Belstar- 1 st Cycle
₹ 15,000 Belstar- 2 nd Cycle
₹24,000 Belstar- 3 rd Cycle
₹4,000 Monthly salary to the Assistant
₹ 20,000 Turnover per month
₹10,000 Income per month
₹20,000 Education Loan



Rajalakshmi has found her calling in beauty treatments

Entrepreneur and Employer

Jayalakshmi, from Mannadipet village in Villupuram District, hails from a traditional weavers' family. While in seventh standard, on reaching puberty, she stopped going to school like other adolescent girls from her village did. She spent about seven long years, before she got married, assisting her family with the handloom business. However, after marriage, Jayalakshmi has been mainly busy with household chores and children. When her husband died fifteen years back, she had the protective cover of her in-laws, and life continued. However, Jayalakshmi, did not want to be a liability to her family. She joined a government SHG in 2010, which became defunct after a few months. Jayalakshmi jumped at the opportunity, when Hand in Hand started mobilizing women into an SHG. She became the Animator for the Thanga Perumal SHG. Group members learnt tailoring and beauty treatments besides undergoing other trainings.

Initially, Jayalakshmi opened a beauty parlor, which did not receive much response. Hence, with a Loan from Belstar, she bought a sewing machine to start a tailoring unit and stitched saree blouses. Later on she encouraged another group member to buy a sewing machine to help her with stitching school uniforms. But the two pairs of hands could not handle the huge demand for school uniforms. That prompted her to encourage two other members too buy the machines with Belstar loans so that she could employ them. There was no dearth of trained tailors, thanks to the training imparted by Hand in Hand India, and she could easily engage them in her unit to meet the deadlines for stitching school uniforms. Jayalakshmi took internal loan from the SHG and a second and third cycle Belstar loans to buy cloth materials and other essentials.

Earlier, Jayalakshmi secured tailoring orders from a readymade garments' shop. But now her own Queen's Corner, a shop that sales readymade garments, keeps the women busy. She has also added embroidered clothes, designer blouses and sarees to her repertoire. Her readymade clothes business had a slow start, but soon picked up a fast pace. She has now one part time and two full time employees. She plans to craft



Jayalakshmi's shop is a happening hub for ideas

FINANCIAL FACTS AND FIGURES

Queen's Corner	
₹12,000	Belstar- 1 st Cycle -Bought Machine
₹20,000	Belstar- 2 nd Cycle -Bought cloth materials
₹40,000	Belstar- 3 rd Cycle -Bought cloth materials
₹3,000	Monthly Payment to the part time employee
₹6,000	Monthly Payment to the two full time employees
₹5,000	Average monthly savings
Supported	her grandchildren's education
₹20,000	Educational Loan in March 2017

designer sarees for sale. Meanwhile her Jaya's Beauty Parlor has grabbed the eyeballs and she has engaged a trained beautician to manage that, as Jayalakshmi has her hands full with the business at the Queen's Corner.

“But for the loan from Belstar, I would have been just a tailor working from home”, she says. From a 'nobody' she has become a multitasker, a business magnet. And far from being a liability, now she is an equal contributor to the family kitty as well as an employer for other women in her SHG.

The Sole Warrior



Usha runs the Snack Centre single handedly

Usha comes from a very poor landless family from North Maharashtra. While her father worked with a band playing music during weddings, her mother worked as a agricultural laborer whenever there was work. Her parents preferred to marry off Usha and ease their burden rather than letting her to complete

FINANCIAL FACTS AND FIGURES

₹15,000	Loans from Belstar Cycle 1
₹30,000	Loans from Belstar Cycle 2
₹12,000 to 15,000	Current Monthly Income from the Food Cart
Plans to open a small hotel on getting slightly bigger loan.	

her schooling. With her husband, Prakash, working as an on-call driver, mostly on outstation duties, Usha was left to her own resources to provide for herself and her two children.

Usha started working as housemaid. Last year she also started working with a catering service as an assistant. Nevertheless she felt humiliated working at her employer's mercy. She always wished to do something on her own, be her own master. When, she had the opportunity she joined an SHG, Hirkani, and was a very regular member of the group for nearly nine years. She saved money and brought

up her children single handedly. She also enrolled for a tailoring training, but could not complete it, as she had to look after her mother-in-law who had suddenly taken ill. Meanwhile, she also broke away from Hirkani SHG as she could not pay the increased monthly saving amount of 500 rupees.

Usha, joined Raksha SHG and has been saving 200 rupees per month for past one year. With a loan from Belstar, she tried her hand at buying and selling vegetables, but could not manage dealing in the perishables, all alone, nor the economics worked. With another loan from Belstar, Usha started a snacks cart, selling freshly made vadapav, puribhaji, poha, at the busy Gokulnagar market. With a daily turnover of 800 to 900 rupees, Usha earns a decent 400 to 500 rupees a day, with competitive rates. “What is her biggest achievement?” we ask. “I am my own master” she says exuding pride.

Her day starts early, as she has to be at her stall, in time for the breakfasts; and she stays till late in the afternoon to serve lunch, tea and snacks; standing the whole time braving the scorching heat in Barshi. This is besides the household chores, purchasing provisions for the snacks' cart and making snacks. 'Moving the

filled gas cylinder is tough for me', she says. She also works extra hard to maintain the quality of food she serves.

Usha's customers vouch for her lip-smacking menu. This is, however, taking a toll on her health. The unfailing patronage that she receives, has her enthused about starting a small hotel. She is looking for a rented space to run the hotel and is hoping to get a bigger loan. She is a self-made woman, with no support from her husband and her children who are still very young. So she will build the restaurant brick by brick rather than have everything up-to-date at the word go. 'I have started from the scratch to reach where I am, and have miles to go' she says with a voice full of self-belief.

Picture Abhi Baki Hain... (There is More to Come...)

Manjula, one of the 12 siblings was married to Suresh when she was still an adolescent girl. Suresh works as a security guard, earning six thousand rupees a month. Coming from a large land owning family, it was a rude shock for Manjula. She reconciled with her new life, only with a resolve to change it for the better. With a loan from her brothers, she started a petty provision shop in the front portion of her house and added to the family income. Her innate business sense and her trial and error methods, however, could not take her much further in the retail provision business.

Joining an SHG in 2015 brought in a breakthrough of sorts. She could save and use the savings for investing in the wholesale purchases for the provision shop. With the training in enterprise development, she could take stock of the customer needs and diversify into bakery and stationary items, besides regular groceries. She could get a loan of 20000 rupees from Belstar to further expand her stock. Provision shop turnover has gone up to 30000 rupees each month and her income has increased from initial 5,000 rupees to 10,000 rupees per month now.



Manjula has miles to go

With two school going age children and an ambition of higher education burning in their hearts, Manjula expects much more from life than she has already achieved. At times, she still needs to depend on her brothers for support, who pay for her children's education in good private schools. She wants to become self-sufficient in every regard. An educational loan and the second cycle Belstar loan would help her inch closer to her dreams. At Belstar, we know that miracles do not take place overnight. We do have confidence in our tried and tested processes, and so do our customer. Manjula has crossed the oceans of hopelessness to reach the land of hopefulness. A great change by any standards.

Management Discussion and Analysis FY 2016-17

The year that was

<p>New investor and equity raise</p>	<p>Muthoot Finance Ltd (MFL) has come in as a strategic investor; additional equity of ₹40 cr invested; FII's share bought over by MFL: at 31st March 2017 their holding is 64.60%</p>
<p>Branch expansion</p>	<p>42 new joint Liability Group (JLG) branches opened in the states of Maharashtra (30), Madhya Pradesh (9), Kerala (3). In addition to this 37 new SHG branches were taken over from Hand In Hand India in the states of Tamil Nadu (33) and Odisha (4). With this, the total number of branches is 155 as at March 31, 2017.</p>
<p>Portfolio Growth</p>	<p>Growth rate of 118% in Gross Loan Portfolio from ₹ 264.27 Cr in FY 2015-16 to ₹ 575.91 Cr in FY 2016-17.</p>
<p>Demonetisation</p>	<ul style="list-style-type: none"> • Negative impact on disbursements during November 2016 to January 2017 • Negative impact on OD and PAR • Introduction of prepaid cards • Field level impact
<p>OD and PAR increase</p>	<ul style="list-style-type: none"> • OD at ₹356.91 lakhs and PAR >1 day at ₹1261.28 lakhs at 31st March 2017 • PAR is 2.18% of Gross Loan Portfolio in March 2017 as against 0.22% in March 2016 • Karnataka and Maharashtra constitute 86% of PAR at March 2017
<p>Funding- growth and diversity</p>	<ul style="list-style-type: none"> • Borrowings increased by 234% to ₹652 Cr in March 2017 • Tier-2 funding availed ₹10 cr • New lenders- Tata Capital, SBM, IFMR capital, Hinduja, Hero Fincorp, Karvy Capital & Water.org.

Awards and Recognitions

Skoch Order of Merit:

Insurance Service to Customers SEPT 2016

Inclusive Finance Award:

Micro Finance Organization of the year 2016 (small and medium), awarded by ACCESS Development Services and HSBC India. DEC 2016

New Initiatives

Consumer Goods Loan

Pre-paid cards

MSME loan

Analysis of operational performance

Overview

Particulars	FY 2016 -17	FY 2015 -16	FY 2014 -15
Total Branches	155	76	68
Active Borrower	3,36,871	2,08,702	1,77,843
No of states	7	5	5
Portfolio	575.91	264.27	203.83
Managed Portfolio (Securitized) (₹Cr)	9.13	-	-
Portfolio outstanding (₹Cr)	566.78	264.27	203.83
Total Staff	1093	561	491
Repayment %	98	99.21	99.48
PAR (₹Cr)	12.6	0.58	0.083

Customer Loyalty

S. No.	Customer Vintage with the Company	FY 2016-17 %	FY 2015-16 %	FY 2014-15 %
1.	Less than 1 year	43	31	24
2.	1-3 years	36	29	17
3.	3-5 years	21	40	59

State - Wise Portfolio

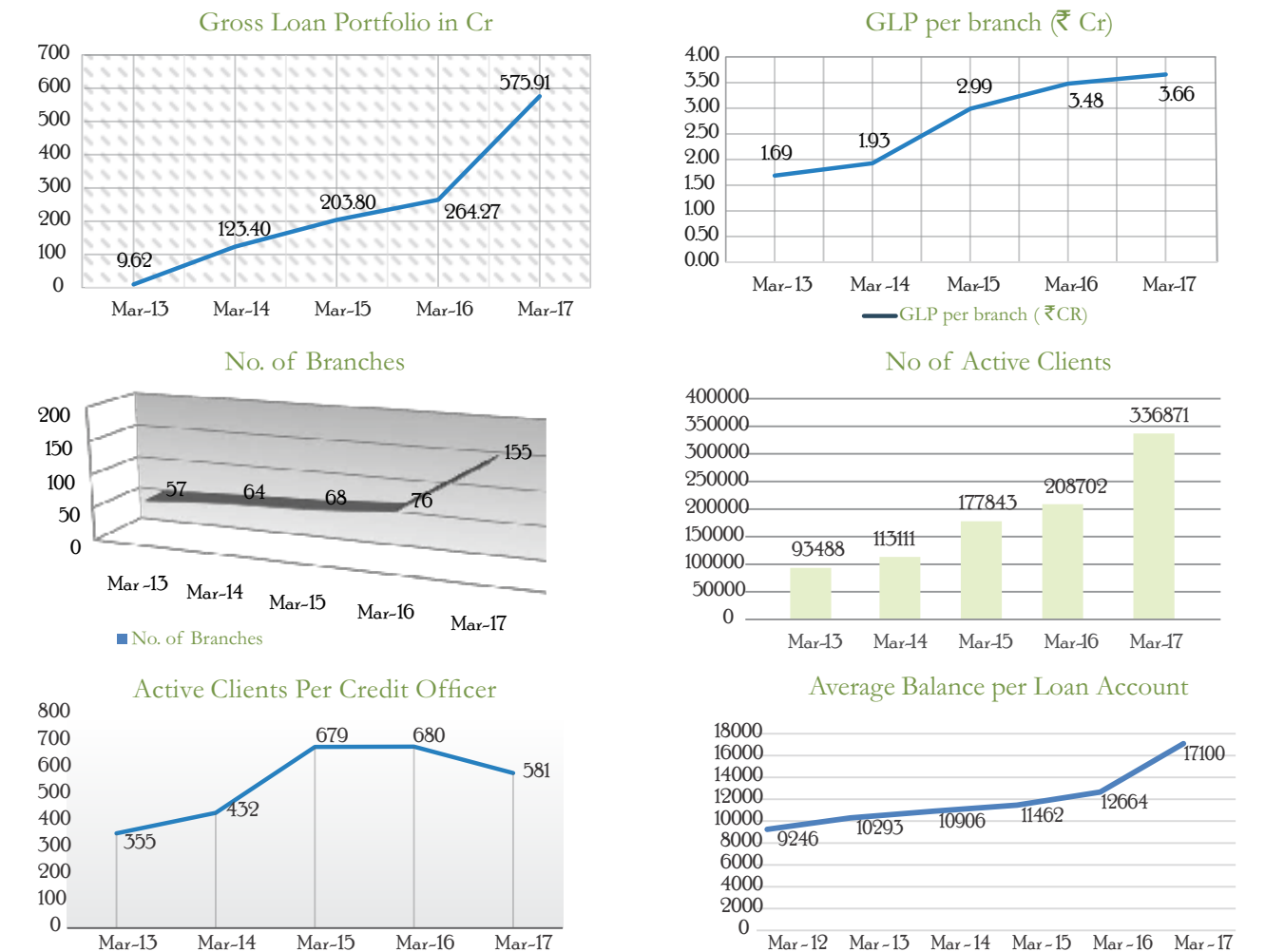
State	FY 2016-17		FY 2015-16		FY 2014-15	
	Portfolio	%	Portfolio	%	Portfolio	%
Tamil Nadu	447.15	77.64	195.70	74.05	156.68	76.87
Puducherry	23.38	4.06	18.01	6.81	19.97	9.80
Karnataka	43.61	7.57	29.55	11.18	21.43	10.51
Madhya Pradesh	32.98	5.73	13.23	5.02	4.45	2.18
Maharashtra	21.33	3.70	7.77	2.94	1.30	0.64
Kerala	3.46	0.60	-	-	-	-
Odisha	4.00	0.70	-	-	-	-
Total - ` Crs	575.91	100	264.26	100	203.83	100

Activity- Wise Portfolio

S. No.	Activity	FY 2016 - 17 %	FY 2015- 16 %	FY 2014- 15 %
1.	Agriculture & Allied	58.13	51.20	54.00
2.	Education loan	3.22	2.70	0.79
3.	House Improvement	0.11	0.69	
4.	Production & Manufacturing	2.68	18.92	12.13
5.	Service	24.15	16.15	12.27
6.	Trade & Business	9.75	10.34	20.81
7.	Consumer Goods Loan	1.61		
8.	MSME Loan	0.32		
9.	Water & Sanitation	0.03		
	Total	100.00	100.00	100.00

Operational Dashboard

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



Analysis of Financial Performance

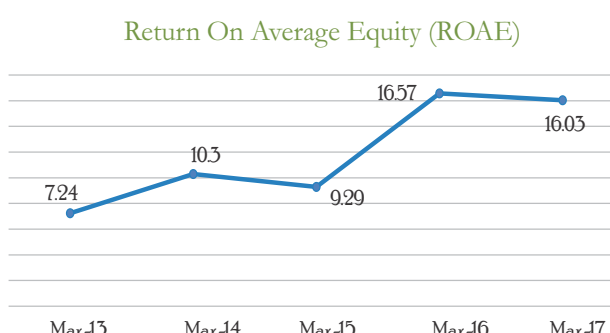
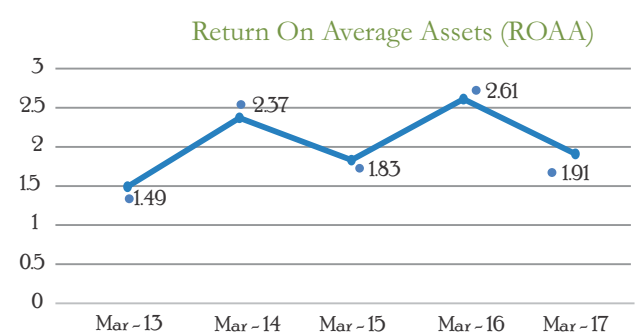
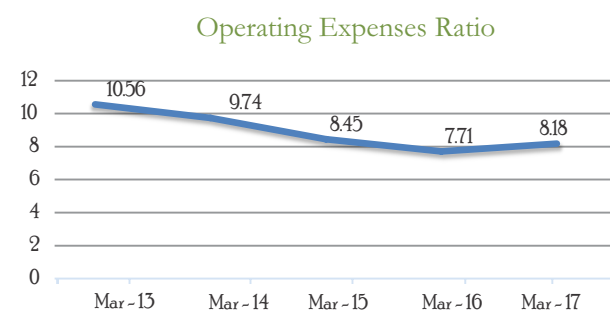
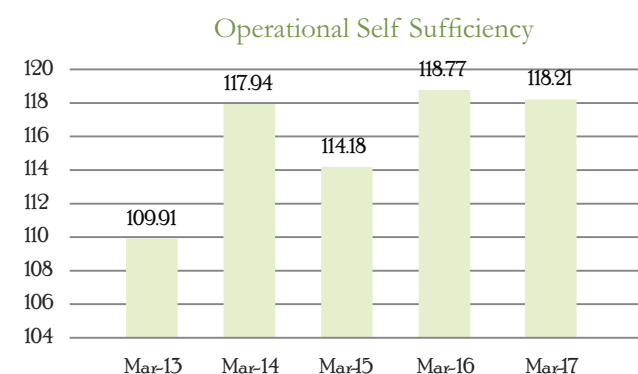
Financial Results

During FY 2016-17, total revenue was ₹103.38 crore, an increase of by 78.06 % over the last financial year. Gross expenses stood at ₹87.41 crore during FY 2016-17, an increase by 78.79 % over the last financial year. The profit after tax is ₹10.44 crore in FY 2016-17, an increase of more than 71% over the last financial year.

The key financial ratios are as below:

Key Financial Ratios	FY 2016-17	FY 2015-16
CRAR (%)	17.00	16.66
ROA (%)	1.91	2.61
ROAE (%)	16.03	16.57
Gross NPA (%)	0.10	0.17
Net NPA (%)	0.01	0.05
Debt /Equity Ratio (No of Times)	6.02	6.97

Financial Dashboard



Training Support to Clients

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

Capital Adequacy

The Capital to Risk Adjusted Assets (CRAR), at the end of the year was at 17% indicating the level of leverage on the existing capital base. Pursuant to the RBI Circular DNBR (PD) CC.No. 002/03.10.001/2014-15 dated November 10, 2014, your Company is not a Systemically important NBFC and hence remains classified as “Non-Deposit taking NBFC (ND-NBFC)”. As per the said circular, a leverage ratio of 7 is being introduced for all such NBFCs-ND to link their asset growth with the capital they hold. The leverage ratio computed for the Company in accordance with the said Circular is 6.02 as on the date of the Balance Sheet which is below the prescribed ratio of 7.

During the year, the Company structured a portfolio sale transaction with an NBFC. The Company, as at the Balance Sheet date, had an off-balance sheet exposure of ₹9.13 Cr.

Funding Trends

Outstanding borrowings from different sources during the FY 2016-17 in comparison to last year is depicted below:

Particulars	Amount outstanding (₹ Cr)	
	As on March 2017	As on March 2016
Bank	286.03	135.62
Financial Institutions	123.60	46.61
NBFCs	170.13	84.41
Foreign Sources(ECB)	11.00	-
NCDs	60.00	10.00
Securitization / Buyouts	9.13	-

Information Technology

The Company has invested in the ERP product from Microsoft “Microsoft Dynamics NAV ERP 2013 – R2” for Operational and Finance modules for the SHG operation and is using Jayam Software for JLG operations.

During this year, the Company has successfully migrated all of its existing and newly taken over SHG and JLG branch operations into Microsoft Navision and Jayam respectively.

Several new initiatives leading to the digitalization of operations are being finalized for implementation during FY 17-18, including but not restricted to customer on-boarding, centralised operations and C-KYC.

Human Resources Development

During the year under review, the Company has introduced a performance based incentive scheme, apart from continuing to provide a wide range of benefits to its employees such as personal loan schemes, vehicle loan schemes and Health Insurance cover. The Company organised several training programmes for the staff during the year under review to build their capacity for performance and to enhance their skill sets. The number of employees as of March 31, 2017 stood at 1093 (561 : March, 2016).

Risk Management

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

Generally, a risk can be defined as a “Possible event of loss” to the Company’s assets, properties or damage

to the reputation of the Company caused by internal or external vulnerabilities.

The Company takes in to account all the risk factors for which necessary pro-active steps are put in place towards risk mitigation.

Way Forward for FY 17-18

Equity raise

- The Company expects to raise equity capital to the extent of ₹100 crores to meet its business plan targets.

Expansion

- The Company proposes to take over 17 SHG branches from Hand in Hand India, bifurcate 21 of its existing branches for improved productivity and will open 15 new branches in Tamil Nadu.
- Further, on the JLG business, the company will open 53 new branches across: Kerala (18), Chhattisgarh (10), Odisha(10), Gujarat (10) and Punjab (5).

New Products

- The Company proposes to expand the geographical coverage of Sanitation loan, Consumer Goods Loan, MSME Loan and Agriculture loan products. In addition, the Company proposes to introduce asset-based lending.

Muthoot Vision for Belstar

The George Muthoot Group evinced interest in taking controlling stake in Belstar. After several rounds of discussion with the senior management team of Belstar and completion of due diligence exercise, the Muthoot management ably led by their MD Mr George Alexander Muthoot, approved the investment. This comprised of both primary infusion of ₹40 Cr into Belstar as fresh capital and secondary in the form of purchase of then existing stakes of International Finance Corporation, Aavishkaar Goodwell India Microfinance Development Company and Norwegian Microfinance Initiative Frontier Fund KS.

The Muthoot vision for Belstar is:

1. Organic Growth
2. Leverage on the SHG Credit plus model, thereby continued connect with the client.
3. Strong Internal Controls and Audit
4. Strong IT platform
5. Leveraging Muthoot brand
6. Blended cost of funds to be reduced
7. Working closely with HiH India on various developmental activities

Disclaimer

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

For and on behalf of the Board of Directors

sd/

Dr. Kalpana Sankar
Managing Director
DIN: 01926545

sd/

Dr. N. Jeyaseelan
Director
DIN: 02281278

Place : Chennai

Date : May 13, 2017

Directors' Report

To the Members,

Your Directors have great pleasure in presenting the Report of the Board of Directors of your Company together with the Audited Balance Sheet of the Company as at March 31, 2017 and the Profit and Loss Statement for the year ended as on that date and the Auditor's Report thereon.

Overview

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). During the year, your Company became Deemed Public Company status after it became the subsidiary of Muthoot Finance Ltd.

Financial Results :

The financial performance of the Company for the year ended March 31, 2017 is summarized below : ₹ Cr

Particulars	FY 2016 - 17	FY 2015-16	Change (%)
Total Income	103.38	58.06	78.06
Less: Total Expenditure	87.41	48.89	78.79
Profit / (Loss) for the year before Taxation	15.97	9.17	74.15
Less: Tax Expense	5.53	3.07	80.13
Profit / (Loss) for the year after Taxation	10.44	6.10	71.15
Earnings per share (₹ per share)	4.49	4.25	5.65

Dividend

Based on the Company's performance, your Directors are pleased to recommend for approval of members, a dividend of ₹0.45 [i.e. 4.5%] per equity share for the financial year 2016-17. The dividend, if approved by the members would involve a cash outflow of ₹1,25,90,560 including dividend distribution tax.

Transfer To Reserves

The Company transferred ₹2.09 crore to Statutory Reserves, being 20% of the Profit after tax in accordance with the provisions of section 45 – IC Reserve Bank of India Act, 1934

Transfer to Investor Education and Protection Fund

The Company is not having any unclaimed dividends which is due for remittance into Investor Education and Protection Fund.

Equity

The paid-up capital as on 31st March 2017 was ₹ 23,24,65,680/-. During the year, the Company has allotted 88,88,888 nos. fresh Equity Shares to Muthoot Finance Limited on private placement basis.

Resources Mobilization

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

- The Company has successfully raised a sum of ₹40,00,00,000/- (Rupees Forty Crore) of Rated, Secured, Redeemable, Non-Convertible Debentures at a Coupon rate of 12%

- The Company has further successfully raised a sum of ₹ 10,00,00,000/- (Rupees Ten Crore) of Rated, Subordinated, Unsecured, Redeemable, Non-Convertible Debentures at a Coupon rate of 11.5%, which qualifies as Tier II capital under the NBFC Prudential Norms (Reserve Bank Directions), 2015.

(b) Banks and Financial institutions

The Company received finance from banks and financial institutions including NBFC's which remains an important source of funding for the Company. Commercial Banks continued their support to the Company during the Financial Year. As of 31st March 2017, break-up of borrowings is as follows:

Particulars	Amount (₹ Cr)
Banks	227.00
NBFCs	235.22
Financial Institutions	95.00
Total	557.22

(c) External Commercial Borrowing

The Company raised ₹ 11,00,00,000 from Water Credit Investment Fund 1, LLC (WCIF1)

Effects Of Demonetisation

Due to demonetisation during the period from November 09, 2016 to 31st December 2016, the company was able to carry out reasonable disbursement and maintained a collection efficiency of around 97%.

Operational Highlights

Particulars	FY 2016-17	FY 2015-16	Change (%)
Number of branches	155	76	103.95
Number of clients (in nos)	3,36,871	2,08,702	61.41
Number of employees	1093	561	94.83
Amount disbursed (₹ in Cr)	651.33	293.30	122.07
Gross loan portfolio (₹ In Cr)	575.91	264.27	117.93
Gross loan portfolio other than Tamil Nadu & Puducherry (₹ in Cr)	105.38	50.57	108.38

The Company witnessed all-round growth during the year, opened/ taken over branches, acquired significant number of customers serving them through 155 branches in the states of Tamil Nadu, Karnataka, Puducherry, Maharashtra, Madhya Pradesh, Kerala and Odisha. The Company's total assets crossed ₹500 Cr for the first time, during the year ended March 2017. 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, and also forming relationship with new lenders.

The company has enabled financing via Securitization valued at ₹17.60 Cr

Despite the impact of Demonetisation the Company achieved robust growth achieving financing volumes of ₹651.33 crores across all sectors, which is around 118 % over and above the volumes achieved in FY 2015-16.

Events subsequent to the date of Financial Statements

There has not been any event or change subsequent to the date of Financial Statements that has warranted or materially affected change in the financial position of the Company between the date of closure of financial statements and finalization of the Board's Report except for listing of certain debt securities at the BSE Limited.

Change in nature of business

There was no change in the nature of business of the Company during the financial year.

Micro Finance Grading

Your Directors are happy to inform you that your Company has obtained an improved grading score of “MFI 2+” from CARE dated March 20, 2017. Grading is assigned on an eight-point scale with “MFI 1” being the highest and “MFI 8” being the lowest.

Bank Loan Rating

Your Directors are happy to inform you that your Company has also received CARE A rating for its Long Term Bank loan of ₹600 crore and also ICRA assigned [ICRA] A Rating for its Long Term Debt Rating (Non-Convertible Debenture(NCDs) of ₹70 Crore for the year under review.

Social and Environment Management System (SEMS) Plan

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

Changes in Board Constitution

The details of Directors who were appointed or have resigned during the year ended 31st March 2017.

Sr. no	Name	Designation	DIN	Date of Appointment/ Change/ Cessation	Reason
1	Mr. L. Muralidharan	Director	01957930	June 27, 2016	Resignation
2	Mr. KR Bijimon	Director	00023071	June 27, 2016	Appointment
3	Ms. Sushma Kaushik	Director	05142705	August 27, 2016	Resignation*
4	Mr. George M Alexander	Director	00018384	March 29, 2017	Appointment
5	Mr. George M Jacob	Director	00018955	March 29, 2017	Appointment

* After completion of share transfer from Aavishkaar Goodwill India Microfinance Development Company to Muthoot Finance Ltd, she resigned from the post of Director.

Key Managerial Person (KMP)

Mr. Muralidharan Lakshmanan, Chief Financial Officer of the Company was appointed as whole time Key Managerial Person with effect from 4th Feb 2017.

Mr. Sunil Kumar Sahu continues to be the Company Secretary and Compliance Officer of the Company.

Meetings of Board / Committee

The Board Comprises of two Promoter Directors including the Managing Director, Three Directors representing Investor and One Independent Director details of the same are as below:

Representing Promoter

1. Dr. Kalpana Sankar, Managing Director
2. Dr. N Jeyaseelan

Representing Investor

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

Independent Director

1. Mr. A. Subramanian

Statement on Declaration by Independent Director u/s 149(6)

The Independent Directors of the Company have given there 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.

The Board has met 7 times during the year: June 27, 2016, July 22, 2016, August 27, 2016, October 24, 2016, February 04, 2017, March 27 and March 29, 2017

Attendance of each Director at Board Meetings and at the previous General Meeting are as below:

Name of Directors	DIN	Eligible Meetings	Meetings Attended	Attendance at the Last AGM	Attendance at the EGM for FY 2016 -17	
					1 st EGM	2 nd EGM
Mr. A. Subramanian	01777552	7	7	Attended	Attended	Attended
Dr. Kalpana Sankar	01926545	7	7	Attended	Attended	Attended
Dr. N Jeyaseelan	02281278	7	7	Attended	Attended	Attended
Mr. KR Bijimon	00023071	7	7	Attended	NA	-
Mr. George M Alexander#	00018384	1	-	NA	NA	NA
Mr. George M Jacob#	00018955	1	-	NA	NA	NA
Mr. L. Muralidharan*	01957930	1	1	NA	NA	NA
Ms. Sushma Kaushik*	05142705	3	-	NA	-	NA

NA- Not Applicable

Mr. George M Alexander and Mr. George M Jacob were appointed as Directors of the Company with effective from 29th March 2017

* Mr. L. Muralidharan and Ms. Sushma Kaushik resigned from the Board with effective from 27th June 2016 and 27th August 2016 respectively.

The Board at present has 7 (Seven) Committees viz., Audit Committee, Nomination and Remuneration Committee, Securities Allotment and Transfer Committee, Risk Management Committee, Corporate Social Responsibility Committee, Finance Committee and Fund Management Committee.

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

Audit Committee

The Audit Committee of Board of Directors was constituted pursuant to Section 177 of the Companies Act, 2013.

Terms of reference of the Audit Committee include:

- Review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the Company.
- Reviewing, with the management, the annual financial statements and Auditors Report thereon before submission to the board for approval.
- The Audit Committee reviews the compliance with legal and statutory requirements, the quarterly and annual financial statements and related party transactions and reports its findings to the Board.
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees or any payment to statutory auditors for any other services
- Reviewing, with the performance of statutory and internal auditors, evaluation of the internal control systems including internal financial controls and Risk Management
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- The audit committee takes note of any default in the payments to creditors and shareholders.
- The committee also looks into those matters specifically referred to it by the Board.

The audit committee comprises of the following Members for the year ended 31st March 2017:

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

The Audit Committee met 5 times during the year: June 27, 2016, July 22, 2016, August 27, 2016, October 24, 2016, February 04, 2017.

Attendance of each Director at the Audit Committee Meetings :

Name of Director	No of Audit Committee Meeting Attended
Mr. A. Subramanian	5
Dr. N. Jeyaseelan	5
Mr. KR Bijimon	5

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

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee of the Board of Directors was constituted as per requirement of Section 178 of the Companies Act, 2013.

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 for the year ended 31st March 2017:

1. Mr. KR Bijimon
2. Mr. A. Subramanian
3. Dr. N. Jeyaseelan

NRC met two times during the year: June 27, 2016 and Feb 04, 2017

Attendance of each Director at the NRC Meetings are as below:

Name of Director	No. of Nomination and Remuneration Committee Meeting Attended
Mr. A. Subramanian	2
Dr. N. Jeyaseelan	2
Mr. KR Bijimon	1

The Nomination and remuneration policy is recommended by the Committee and adopted by the Board. The Board of Directors have accepted all the recommendations provided by the Committee.

Securities Allotment and Transfer Committee(SATC)

During the year, the name of the Committee changed from Shareholder Allotment and Transfer Committee to Securities Allotment and Transfer Committee (SATC). The main objective 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 in regard to the issue and allotment of various Securities
- Redressal of complaints like non receipt of Securities certificates, loss of certificates, transfer of Securities, non-receipt of balance sheet, non-receipt of declared dividends, nonpayment Payment 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 Members for the year ended 31st March 2017:

1. Dr.(Mrs.) Kalpana Sankar (Chairperson)
2. Mr. A. Subramanian
3. Dr. N. Jeyaseelan
4. Mr. KR Bijimon

The SATC met two times during the year: July 26, 2016 and October 24, 2016

Attendance of each Director at the SATC Meetings are as below:

Name of Director	No of Securities Allotment and Transfer Committee Meeting Attended
Dr.(Mrs.) Kalpana Sankar	2
Mr. A. Subramanian	2
Dr. N. Jeyaseelan	2
Mr. KR Bijimon	2

Risk Management Committee (RMC)

The Risk Management Committee (RMC) was constituted in accordance with Reserve Bank India regulations. During the year under review Company revised the terms of the RMC. The revised terms of reference of the RMC are as follows:

- 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, and
- To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.

The RMC comprises of the following Members for the year ended 31st March 2017:

1. Dr.(Mrs.) Kalpana Sankar (Chairperson of RMC Committee)
2. Dr. N. Jeyaseelan
3. Mr. KR Bijimon

The RMC met 18 times: April 18, 2016, June 23, 2016, June 27, 2016, June 28, 2016, July 05, 2016, July 22, 2016, August 27, 2016, September 23, 2016, September 29, 2016, September 30, 2016, October 05, 2016, October 20, 2016, October 26, 2016, October 27, 2016, November 01, 2016, November 24, 2016, December 31, 2016 and January 25, 2017

Attendance of each Director at the RMC Meetings are as below:

Name of Director	No of Risk Management Committee Meeting Attended
Dr.(Mrs.) Kalpana Sankar	18
Dr. N. Jeyaseelan	18
Mr. KR Bijimon	2

Corporate Social Responsibility (CSR) Committee

- Corporate Social Responsibility 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 for the year ended 31st March 2017:
 1. Dr. N. Jeyaseelan (Chairman)
 2. A. Subramanian
 3. Mr. KR Bijimon

Finance Committee

The main objective of the Finance Committee are as below:

- To review and approve the loan facilities (on-balance sheet and/or 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 for the year ended 31st March 2017:

1. Dr.(Mrs.) Kalpana Sankar (Chairperson)
2. Dr. N. Jeyaseelan

The Finance Committee met 4 times during the year: February 14, 2017, February 27, 2017, March 17, 2017 and March 30, 2017. Both Directors attended all the Meetings.

Fund Management Committee

The main objective of the Finance Committee is:

To Approve and authorize opening and operation of various Bank accounts for the day-to-day operational purposes of the Company

The Fund Management Committee comprises of the following Directors for the year ended 31st March 2017:

1. Dr.(Mrs.) Kalpana Sankar
2. Dr. N. Jeyaseelan

The Fund Management Committee met once during the year: July 29, 2016. Both Directors attended the Meeting.

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
2016-17	28 th AGM	Registered Office of the Company	27 th September 2016 at 12.30 P.M	2
	1 st EGM		22 nd July 2016 at 2.00 Noon	1
	2 nd EGM		29 th March 2017 at 2.00 P.M	5
2015-16	27 th AGM	Registered Office of the Company	12 th August 2015 at 11.00 A.M	1
	1 st EGM	No.11 C, Rathinammal Street , Rangarajapurram, Kodambakkam, Chennai-600 024	29 th April 2015 at 11.00 A.M	3
	2 nd EGM	Registered Office of the Company	19 th March 2016 at 02.30 P.M	1
2014-15	26 th AGM	No.11 C, Rathinammal Street , Rangarajapurram, Kodambakkam, Chennai-600 024	September 15 th , 2014 at 11.00 A.M	1

Directors' Responsibility Statement

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

- In the preparation of the Annual Accounts the applicable Accounting Standards have been followed along with proper explanation in relation to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and the loss of the company for that period;
- 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;
- The Directors have prepared the annual Accounts on a going concern basis;
- 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.

Extract of Annual Return

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

Deposits

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

Code of Conduct

Your Company follows fair practices in its dealings with the clients and has adopted the revised Fair Practices Code specified as per RBI circular no RBI/2015-16/16 DNBR (PD) CC. No. 054/03.10.119/2015-16 dated 1st July 2015. The Fair Practices followed in lending are with regard to:

- Application for Loans and their processing
- Loan appraisal and terms/conditions
- Disbursement of loans including changes in terms and conditions
- Responsibility of Board of Directors

- Regulation of Interest
- Disclosures in loan agreement / loan card
- Checking Multiple-Lending, Over-borrowing and Ghost borrowers
- Non-Coercive Methods of Recovery
- Internal control system

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

Capital Adequacy

The Capital Adequacy ratio for the year ended March 31, 2017 is 17.00% as against the minimum capital adequacy requirement of 15% has stipulated by RBI.

Auditors

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

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

Explanation or Comments by the Board on Every Qualification, Reservation, Adverse Remark, or Disclaimer Made by The Auditor

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

Fraud reported by Auditor

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

Holding and subsidiary company

Your Company became a subsidiary company of Muthoot Finance Ltd during the year under review. It has no subsidiary Company.

Risk Management Policy

Your Company has a Risk management policy duly approved by the Board. Details on the Risk Management processes are elaborated in an earlier section of this Annual Report, that forms part of this report.

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:

- Steps taken or impact on conservation of energy: Not applicable
- Steps taken by the company for utilizing alternate sources of energy: Not applicable
- Capital investment on energy conservation equipment: Not applicable

B. Technology Absorption: Nil

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

2. The Foreign Exchange Earnings and Outgo

A. Expenditure in Foreign currency:

Your Company incurred foreign travel expenditure amounting to ₹.2,77,563 (PY. ₹ 2,18,781).

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 2016-17:

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

Material Orders

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

Internal Financial Controls

The Company has adequate internal financial controls with reference to the financial statements for the year ended March 31, 2017.

Cost Audit

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

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 to any body corporate during the financial year ended March 31, 2017.

Contracts / Arrangements with Related Parties

The particulars of contracts or arrangements with related parties in Form AOC-2 (as Annexure – II) are annexed and form part of this report. The policy on dealing with related party transactions is available on the website of the Company and also annexed as Annexure – III.

Corporate Social Responsibility Policy

Pursuant to the provisions of section 135 and schedule VII of the Companies Act, 2013, your Company constituted a CSR Committee of the Board of Directors. CSR Committee of the Board of Directors recommends (a) The policy on Corporate Social Responsibility (CSR) and (b) Implementation of the CSR Projects or Programmes to be undertaken by the Company as per CSR Policy. The CSR policy was duly approved by the Board of Directors and the same is available in the website of the Company.

The Annual Report on CSR activities as required under the Companies (CSR Policy) Rules 2014 is attached to this report as Annexure -IV.

Compliance with RBI/ other Laws

There have been no instances of non-compliance by the Company on any matters related to Labour Law, RBI, ROC, Income Tax and Service Tax Act and other applicable Acts.

Your Company, being a “NBFC-MFI” complies with the RBI guidelines with respect to NBFC-MFIs as may be prescribed by RBI from time to time.

During the year under review there was a routine Inspection done by RBI. There were no adverse observations and the Company duly implemented the recommendations given by the RBI.

Managing Director (MD)/Chief Financial Officer (CFO) Certification

MD and CFO have given a Compliance Certificate to the Board.

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 policy protects the employees from raising concerns about serious irregularities, unethical behaviour, actual or suspected fraud within the Company. The details of the Policy is available on the website of the Company. Your Company affirms that no employee has been denied access to the top Management of the Company and that no complaints were received during the year.

Disclosure under the sexual harassment of women at Workplace (prevention, Prohibition and Redressal) Act, 2013

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

The following is a summary of sexual harassment complaints received and resolved during the year 2016-17.

No. of Complaints received : Nil

No. of Complaints resolved : Nil

Acknowledgment

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

Your Directors hereby place on record their appreciation for the co-operation and support received from the Clients, Bankers, Financial Institutions, NBFCs, Rating Agencies, Debenture Trustee and also thank all the employees of the Company for their valuable contribution in the growth of the Company.

For and on behalf of the Board of Directors

sd/

sd/

Place : Chennai.

Dr. Kalpana Sankar,

Dr. N. Jeyaseelan

Date : May 13, 2017

Managing Director

Director

DIN: 01926545

DIN: 02281278

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

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

Annexure - III - Policy on Related Party transactions

Annexure - IV - Reporting on CSR Activities

Annexure to Director's Report

ANNEXURE - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

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

I. Registration and other details

- 1) CIN : U06599TN1988PTC081652
- 2) Registration Date : 25-08-2011 (Date of Incorporation: 11-01-1988)
- 3) Name of the Company : Belstar Investment and Finance Private Limited
- 4) Category/Sub-Category of the Company : Company Limited by Shares
- 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:- : No
- 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	Micro-credit	9971190	100%

III. Particulars of Holding, Subsidiary and Associate Companies

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Shares held	Applicable Section
1	M/s Muthoot Finance Limited	L65910KL1997PLC011300	HOLDING	64.6	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			% of Total Shares	No. of Shares held at the End of the year			% of Total Shares	% of Change during the Year
	Demat	Physical	Total		Demat	Physical	Total		
A. Promoters									
(1) Indian									
(a) Individual/ HUF	3,42,742	1,31,241	473,983	3.30	342742	1,31,241	4,73,983	2.04	(1.26)
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt (s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	-	7,29,472	7,29,472	5.08	Nil	4,29,472	4,29,472	1.85	(3.23)
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	87,54,225	87,54,225	60.97	Nil	73,25,654	73,25,654	31.51	(29.46)
Sub-total (A) (1):-	3,42,742	96,14,938	99,57,680	69.35	3,42,742	78,86,367	82,29,109	35.40	(33.95)
(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)	3,42,742	96,14,938	99,57,680	69.35	3,42,742	78,86,367	82,29,109	35.40	(33.95)
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) FIIs	20,00,000	24,00,000	44,00,000	30.65	-	-	-	-	(30.65)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	20,00,000	24,00,000	44,00,000	30.65	-	-	-	-	(30.65)
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	-	-	-	-	1,50,17,459	-	1,50,17,459	64.60	64.60
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the end of the year				No. of Shares held at the beginning 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):-	-	-	-	-	1,50,17,459	-	1,50,17,459	64.60	64.60
Total Public Shareholding (B)=(B)(1)+ (B)(2)	20,00,000	24,00,000	44,00,000	30.65	1,50,17,459	-	1,50,17,459	64.60	64.60
C. Shares held by Custodian for GDR and ADR	-	-	-	-	-	-	-	-	-

ii. Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dr. Kalpana Sankar	4,02,774	2.81	-	4,02,674	1.73	-	(1.08)
2	Ms. D. Bindhu	38,842	0.27	-	38,842	0.17	-	(0.10)
3	Ms. Kamini Dhandapani	32,367	0.22	-	32,367	0.14	-	(0.08)
4	Mr. C.V. Sankar	-	-	-	100	0.00	-	0.00
5	Capt. P. K. Ayre Trustee of SMBT (The trust name is changed to Sarvam Financial Inclusion Trust)	87,54,225	60.97	-	73,25,654	31.51	-	(29.46)
6	Hand in Hand Consulting Services Pvt. Ltd.	7,29,472	5.08	-	4,29,472	1.85	-	(3.23)
	Total	99,57,680	69.35	-	82,29,109	35.40	-	(33.95)

iii. Change in Promoters' Shareholding

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Dr. Kalpana Sankar				
	At the beginning of the year	4,02,774	2.81	4,02,774	2.81
	Transferred 100 nos of shares to Mr C.V. Sankar as on 31st March 2017	-	-	(100)	-
	At the End of the year	-	-	4,02,674	1.73
2	Ms. D. Bindhu				
	At the beginning of the year	38,842	0.27	38,842	0.27
	Date wise Increase / Decrease in Shareholding during the Year	-	-	-	-
	At the End of the year	-	-	38,842	0.17
3	Ms. Kamini Dhandapani				
	At the beginning of the year	32,367	0.22	32,367	0.22
	Date wise Increase / Decrease in Shareholding during the Year	-	-	-	-
	At the End of the year	-	-	32,367	0.14
4	Mr. C.V. Sankar				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the Year Received 100 nos shares from Dr. Kalpana Sankar	-	-	100	0.00
	At the End of the year	-	-	100	0.00
5	Sarvam Financial Inclusion Trust (Formerly known as Saravam Mutual Benefit Trust)				
	At the beginning of the year	87,54,225	60.97	87,54,225	60.97
	Date wise Increase / Decrease in Shareholding during the Year Transferred 14,28,571 No. of shares to Muthoot Finance Ltd 30th December 2016	-	-	(14,28,571)	(29.46)
	At the End of the year	-	-	73,25,654	31.51
6	Hand in Hand Consulting Services Pvt. Ltd.				
	At the beginning of the year	7,29,472	5.08	7,29,472	5.08
	Date wise Increase / Decrease in Shareholding during the Year Transferred 3,00,000 No. of shares to Muthoot Finance Ltd 30th December 2016	-	-	(3,00,000)	(3.23)
	At the End of the year	-	-	4,29,472	1.85

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDR and ADR)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	International Finance Corporation				
	At the beginning of the year	20,00,000	13.93	20,00,000	13.93
	Transferred to Muthoot Finance Ltd on 8 th December 2016	-	-	(20,00,000)	(13.93)
	At the End of the year	-	-	-	-
2.	Norwegian Microfinance Initiative Frontier Fund KS				
	At the beginning of the year	16,00,000	11.15	16,00,000	11.15
	Transferred to Muthoot Finance Ltd on 24 th October 2016	-	-	(16,00,000)	(11.15)
	At the End of the year	-	-	-	-
3.	Aavishkaar Goodwill India Microfinance Development Company				
	At the beginning of the year	8,00,000	5.57	8,00,000	5.57
	Transferred to Muthoot Finance Ltd on 24 th October 2016	-	-	(8,00,000)	(5.57)
	At the End of the year	-	-	-	-
4.	Muthoot Finance Limited				
	At the beginning of the year	-	-	-	-
	Date - wise Increase/ decrease in share holding during the year	-	-	-	-
	26 th July 2016			88,88,888	38.24
	24 th October 2016			1,12,88,888	48.55
	08 th December 2016			1,32,88,888	57.16
	30 th December 2016			1,50,17,459	64.60
	At the End of the year	Nil	Nil	1,50,17,459	64.60

v. Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Dr. Kalpana Sankar, Managing Director				
	At the beginning of the year	4,02,774	2.81	4,02,774	2.81
	The decrease of share holding % is due to the following reasons:				
	1. On account of issue of new shares by the Company during the year				
	2. On transfer of 100 nos of shares within the promoters group on 31st March 2017				
	No other Director of the Company are holding shares.				
	At the End of the year	-	-	4,02,674	1.73

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
2.	Mr. L.Muralidharan, Chief Financial Officer*				
	At the beginning of the year	-	-	-	-
	Date-wise Increase/Decrease in Shareholding during the year	-	-	-	-
	At the End of the year	-	-	-	-
3.	Mr.Sunil Kumar Sahu, Company Secretary				
	At the beginning of the year	-	-	-	-
	Date-wise Increase/Decrease in Shareholding during the year	-	-	-	-
	At the End of the year	-	-	-	-

V. Indebtedness

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,66,63,96,385	10,00,00,000	-	2,76,63,96,385
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,57,50,314	-	-	1,57,50,314
Total (i+ii+iii)	2,68,21,46,699	10,00,00,000	-	2,78,21,46,699
Change in Indebtedness during the financial year				
· Addition	6,10,01,86,916	10,00,00,000	-	620,01,86,916
· Reduction	2,45,67,78,222	-	-	2,45,67,78,222
Net Change	3,64,34,08,694	10,00,00,000	-	3,74,34,08,694
Indebtedness at the end of the financial year				
i) Principal Amount	6,30,75,68,477	20,00,00,000	Nil	6,50,75,68,477
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	1,79,86,916	Nil	Nil	1,79,86,916
Total (i+ ii+ iii)	6,32,55,55,393	20,00,00,000	Nil	6,52,55,55,393

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. Kalpana Sankar	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60,21,600	60,21,600
	(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	-	-
1.	Stock Option	-	-
2.	Sweat Equity	-	-
3.	Commission		
	- as % of profit	-	-
	- others specify	-	-
	Total (A)	60,00,000	60,00,000
	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	Mr. A. Subramanian(@)	
	· Fee for attending board committee meetings*		
	· Commission		
	· Others (Sitting Fees)		
	*excludes reimbursement of travel and other expenses incurred for the Company's business/ meetings	₹8,20,000	₹8,20,000
	Total (1)	₹8,20,000	₹8,20,000
2	Other Non-Executive Directors	Mr. L. Muralidharan(#)	
	· Fee for attending board /committee meetings		
	· Commission	Nil	Nil
	· Others		
	Office or place of profit under Section 188 of the Companies Act, 2013.	6,70,125	6,70,125
	Total (2)	6,70,125	6,70,125
	Total (B)=(1+2)	₹14,90,125	₹14,90,125
	Overall Ceiling as per the Act	11% of Net Profit	

@ None of the other Director were received Sitting Fees during the year

Mr L. Muralidharan resigned from the post of Director with effect from 27th June 2016. Hence his remuneration as Director for 3 months up to June 2016 has been paid

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

Sl. No.	Particulars of Remuneration	Details of KMP		
		Mr. L.Muralidharan, CFO (from 4th Feb 2017)#	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	4,71,150	5,88,000	10,59,150
	(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...	-	-	-
5.	Others	-	-	-
	Total	4,71,150	5,88,000	10,59,150

Mr L. Muralidharan Chief Financial Officer of the Company was appointed as whole time KMP with effective from 4th February 2017. Hence his remuneration as CFO-KMP has been provided from his date of appointment to 31st March 2017.

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	-	-	-	-	-

For and on behalf of the Board of Directors
sd/

Dr. Kalpana Sankar
Managing Director
DIN: 01926545

sd/
Dr. N. Jeyaseelan
Director
DIN: 02281278

Place : Chennai.
Date : May 13, 2017

ANNEXURE - II FORM NO. AOC.2

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

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

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

- Name(s) of the related party and nature of relationship
- Nature of contracts/arrangements/transactions
- Duration of the contracts/arrangements/transactions
- Salient terms of the contracts or arrangements or transactions including the value, if any
- Justification for entering into such contracts or arrangements or transactions
- Date(s) of approval by the Board
- Amount paid as advances, if any
- 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

S. No	Related Party	Relationship	Nature of transaction	Salient terms of the contracts	Amount (₹)	Duration of Contracts	Advance
1	Hand in Hand Consulting Services Private Limited	Common Director	Consultancy Service	Consultancy Fees Paid	20,00,000	1 st April 2016 To 30 th Sept 2016	Nil
2	Mr.L. Muralidharan	Director - Chief Risk Officer	Place of Profit	He worked as Chief Risk Officer cum Director	6,70,125	1 st April 2016 To 27 th June 2016	Nil

For and on behalf of the Board of Directors

sd/

Dr. Kalpana Sankar
Managing Director
DIN: 01926545

sd/

Dr. N. Jeyaseelan
Director
DIN: 02281278

Place : Chennai.

Date : May 13, 2017

ANNEXURE -III RELATED PARTY TRANSACTIONS POLICY

1. Scope and purpose of the policy

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders, considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under. In the light of the above, the Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

2. Objective of the policy

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, and any other laws and regulations as may be applicable to the Company.

3. Definitions

3.1 "Act" means the Companies Act, 2013

3.2 "Company" means Belstar Investment and Finance Private Limited

3.3 "Material Related Party Transaction" means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company "

3.4 "Turnover" has been defined as the aggregate value of the realisation of amount made from sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year. Accordingly, for the Company the 'Total Income', i.e., total of interest income and other income, is considered as the 'turnover'.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013.

4. Procedure for approval of related party transaction

4.1 Approval of the Audit Committee

All the transactions which are identified as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.

Any member of the Committee who has a potential interest in any related party transaction will recuse himself and abstain from discussion and voting on the approval of the related party transaction. A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length terms, would require approval of the Board of Directors or of shareholders as discussed subsequently.

The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to certain criteria/conditions as required under Regulation 23 and Companies Rules, 2014 and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for one financial year.

Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval.

A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.

4.2 Approval of the Board of Directors of the Company

In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length terms, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to the transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will recuse themselves and abstain from discussion and voting on the approval of the related party transaction.

4.3 Approval of the Shareholders of the Company

All the transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are to be placed before the shareholders for their approval.

It shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is concerned related party shall not vote on resolution passed for approving such related party transactions.

5. Reporting of related party transactions

Reporting to Board of Directors

Statement of related party transactions as approved by the Audit Committee will be placed before the immediate next Board meeting after the Audit Committee meeting for their record and reference and any direction by Board of Directors will be followed by the Audit Committee.

Reporting to Shareholders

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

6. Disclosure of the policy

This Policy shall be uploaded in the website of the Company at <http://www.belstar.in>.

7. Review of the policy

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Audit Committee, and such changes shall be submitted for approval by the Board.

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]

1. The Company started its CSR Activities for the first time during the Financial year 2016-17. Further 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 is presently focused on health awareness initiatives in the state Tamil Nadu 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 for CSR activities of the Company.

The details of CSR activities undertaken during the Financial year are as below :

- 1 Conducted a Medical Camp
- 2 Conducted health awareness programmes for benefit of people in rural area

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.

2. The CSR Committee was constituted by our Directors by a Board resolution dated 27th June 2016, and comprises of A. Subramanian, Dr. N. Jeyaseelan (Chairman) and Mr. KR Bijimon.
3. Average Net Profit of the Company for the last three financial years for the purpose of computation of CSR:

PARTICULARS	Amount (₹ in lakh)
Net profit as per Section 198 (as per calculation below)	
For financial year 2015-16	917.83
For financial year 2014-15	453.04
For financial year 2013-14	384.86
Average profit of 3 preceding financial years	585.24

4. Prescribed CSR Expenditure:
2% of the Avg. Net Profits of three preceding financial years is ₹11.70 Lakhs
5. Details of CSR spent during the financial year:

- (a) Total amount spent for the financial year: ₹11.70 Lakhs
 (b) Amount unspent, if any: Nil
 (c) Manner in which the amount spent during the financial year is detailed below:

MD/CFO CERTIFICATE

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	Amount spent: Direct or through implementing agency
			Local area or Other	Specify the State and district where projects or program were undertaken			
1	Medical Camp: 2530 (890 male and 1640 female) persons has been benefitted out of health services	Health: promoting & preventive health care	Local Area	In the operational areas of the Company in the State of Tamil Nadu	₹5.10	Direct Expenditure ₹5.10	Amount spent through Hand in Hand India Trust - Implementing Agency for CSR
2	Health awareness programme: 4728 SHG women trained on Health awareness	Health: promoting & preventive health care	Local Area	In the operational areas of the Company in the State of Tamil Nadu	₹6.60	Direct Expenditure ₹6.60	Amount spent through Hand in Hand India Trust - Implementing Agency for CSR

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:

- We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2017 and that to the best of our knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements, together with the notes attached thereto, present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- To the best of our knowledge and belief, the Company has not entered into any fraudulent or illegal transactions.
- We accept responsibility for establishing and maintaining internal controls for financial reporting.

Place : Chennai
 Date : May 13, 2017

sd/
Dr. Kalpana Sankar
 Managing Director

sd/
Mr. L. Muralidharan
 Chief Financial Officer

6. Reasons for not been able to spend the entire two per cent of the average net profit of the last three financial years: Not Applicable

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/

Dr. Kalpana Sankar **Dr. N. Jeyaseelan**
 Managing Director Director
 DIN: 01926545 DIN: 02281278

Place : Chennai
 Date : May 13, 2017

Financial Statement

Independent Auditor's Report

N Sankaran & Co
Chartered Accountants

I-A, Raja Annamalai Building,
2nd Floor, 19, Marshalls Road, Chennai – 600 008
Tel: 28554090 / 42148283 Fax: 044-28555009
Email: nsankaranandco@gmail.com

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

Report on the Financial Statements

We have audited the accompanying financial statements of M/s **Belstar Investment and Finance Private Limited** ("the company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss for the year then ended, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements read together with the notes thereon give the information required by the

Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017; and
- (b) In the case of the Statement of Profit and Loss, of the **PROFIT** for the year ended on that date;
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act and on the basis of such checks of the books and reports of the company as we considered appropriate, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Centre so far as appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and also the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and also the Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of clause (g) of sub-section (1) of section 164(2) of the Act.
 - f. With respect to the adequacy of the Internal Financial Controls over the financial reporting of the Branch and the operating effectiveness of such controls refer to our separate report in "Annexure B"
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.
 - a. The Company does not have any pending litigations which would impact its financial position
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
 - c. The requirement regarding transfer of amounts to Investor Education and Protection Fund is not applicable to the Company
 - d. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company.

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

sd/
(L. Pattabhiraman, FCA)
Partner
Membership No 022023

Place : Chennai
Date : May 13, 2017

Annexure A to the Independent Auditors' Report

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

- I. In respect of its Fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The management during the year has physically verified all the assets and there is a regular programme of verification, which, in our opinion, is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. We have been informed that no serious discrepancy, have been noticed on such physical verification.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, this clause is not applicable to the Company since, there are no immovable properties in the name of the Company.
- II. The Company is a non banking financial company and primarily engaged in financing activities, accordingly it does not hold any physical inventories thus paragraph 3 (ii) of the order is not applicable.
- III. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly clauses (iii) (a) & (b) of Paragraph 4 of the order are not applicable to the Company for the current year.
- IV. The Clause regarding loans, investments and guarantees and security as per provisions of section 185 & 186 of Companies Act, 2013 is not applicable to the Company.
- V. The Company has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Companies Act, and the rules framed there under.
- VI. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records, for any services rendered by the Company, under section 148(1) of the Companies Act.
- VII. In respect of statutory dues
 - a. According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues including provident fund, employees state insurance, income-tax, wealth tax, service tax, cess and other material statutory dues as applicable, have been regularly deposited by the Company during the year with the appropriate authorities and there are no undisputed statutory dues which are outstanding for more than six months as at the Balance Sheet date.
 - b. According to the information and explanations given to us and according to the books and records as produced and examined by us, there were no cases of disputed income-tax, wealth tax, service tax, and cess.
- VIII. Based on our audit procedure and on the information and explanations given by the management, in our opinion, the company has not defaulted in repayment of loans or borrowing to any financial institution, bank, government or dues to debenture holders.

- IX. In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer. Money raised by way of debt instruments and the term loans have been applied by the Company during the year for the purposes for which they were raised.
- X. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- XI. In our opinion and according to the information and explanations given to us, the company's status for the year is a Deemed public company, and accordingly has paid / provided managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- XII. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- XIII. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, wherever applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- XIV. According to the information and explanations given to us, the Company has made private placement of equity shares and Non-convertible debentures during the year under review, in compliance with the requirements of Section 42 of the Act. The amounts raised have been used for the purpose for which funds were raised, other than temporary deployment of the funds received during the year end.
- XV. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- XVI. The company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the same has been complied with.

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

sd/

(L. Pattabhiraman, FCA)
Partner
Membership No 022023

Place : Chennai
Date : May 13, 2017

Annexure B to the Independent Auditor's Report of even date on the financial statements of Belstar Investment and Finance Private Limited, Chennai

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

We have audited the internal financial controls over financial reporting of Belstar Investment and Finance Private Limited, ("the company") Chennai as of March 31, 2017 in conjunction with our audit of the 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 corporation'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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were commensurate with the nature of the business of the Company and operating effectively as at March 31, 2017, 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/

(L. Pattabhiraman, FCA)
Partner
Membership No 022023

Place : Chennai
Date : May 13, 2017

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Balance Sheet as at March 31, 2017

Amount in ₹

	Note	As at March 31, 2017	As at March 31, 2016
Equity and Liabilities			
Shareholders' Funds			
Share Capital	1	23,24,65,680	14,35,76,800
Reserves and Surplus	2	67,09,85,131	25,54,52,296
		90,34,50,811	39,90,29,096
Non-Current Liabilities			
Long Term Borrowings	3	3,45,94,74,136	1,05,30,35,049
Long Term Provisions	4	6,60,67,054	2,34,45,283
		3,52,55,41,190	1,07,64,80,332
Current Liabilities			
Short Term Borrowings	5	6,66,03,786	6,86,59,833
Other Current Liabilities	6	3,04,13,85,626	1,67,56,88,741
Short Term Provisions	7	9,20,83,349	6,04,17,296
		3,20,00,72,761	1,80,47,65,870
Total		7,62,90,64,762	3,28,02,75,298
Assets			
Non - Current Assets			
Fixed Assets			
(i) Tangible Assets	8	2,01,08,506	72,96,978
(ii) Intangible Assets		2,65,49,917	38,33,191
(iii) Capital Work-in-Progress		-	1,11,03,530
		4,66,58,423	2,22,33,699
Deferred Tax Assets (Net)	9	2,80,38,952	1,10,93,546
Receivables under Financing Activity	10	1,40,30,10,579	67,70,24,241
Long - Term Loans and Advances	11	4,23,69,576	5,03,14,965
Other Non-Current Assets	12	33,95,00,000	13,23,75,000
		1,85,95,77,530	89,30,41,451
Current Assets			
Investments	13	60,01,64,109	-
Receivables under Financing Activity	14	4,26,47,50,194	1,96,59,46,857
Cash and Bank balances	15	78,22,08,937	36,06,13,209
Short - Term Loans and Advances	16	4,46,50,399	2,31,10,049
Other Current Assets	17	7,77,13,593	3,75,63,732
		5,76,94,87,232	2,38,72,33,847
Total		7,62,90,64,762	3,28,02,75,298

Significant Accounting Policies and Notes to the Accounts 1 to 25

For M/s. N. Sankaran & Co

 Chartered Accountants
Firm Regn. No 003590S

 sd/
(L. Pattabhiraman, FCA)

 Partner
Membership No 022023

 Place : Chennai
Date : May 13, 2017

 sd/
Dr. Kalpana Sankar
Managing Director

 sd/
L. Muralidharan
Chief Financial Officer

 sd/
Dr. N. Jeyaseelan
Director

 sd/
Sunil Kumar Sahu
Company Secretary

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Profit And Loss Statement for the Year ended March 31, 2017

Amount in ₹

	Note	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from Operations:			
Income from Operations	18	97,38,11,809	55,77,36,208
Other Income	19	6,00,24,053	2,29,53,638
Total Revenue		1,03,38,35,862	58,06,89,846
Expenses:			
Finance Cost	20	53,69,30,317	30,85,16,555
Employee Cost	21	19,26,95,768	12,32,57,564
Other Operating Expenses	22	8,79,25,570	4,58,65,529
Depreciation and Amortization Expenses	8	1,22,30,280	51,98,417
Provisions and Write-offs	23	4,43,68,102	60,68,435
Total Expenses		87,41,50,037	48,89,06,500
Profit/(Loss) before Tax		15,96,85,825	9,17,83,346
Tax Expenses			
Current tax		7,22,09,476	3,43,50,000
Deferred tax	9	(1,69,45,406)	(36,27,894)
Profit/ (Loss) for the Year		10,44,21,755	6,10,61,240
Earnings / (Loss) per Equity Share of Rs.10/- each:	24		
- Basic		4.49	4.25
- Diluted		5.11	4.25

Significant Accounting Policies and Notes to the Accounts 1 to 25

For M/s. N. Sankaran & Co

 Chartered Accountants
Firm Regn. No 003590S

sd/

(L. Pattabhiraman, FCA)

 Partner
Membership No 022023

 Place : Chennai
Date : May 13, 2017

For and on behalf of the Board

 sd/
Dr. Kalpana Sankar
Managing Director

 sd/
L. Muralidharan
Chief Financial Officer

 sd/
Dr. N. Jeyaseelan
Director

 sd/
Sunil Kumar Sahu
Company Secretary

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Cash Flow Statement for the year ended March 31, 2017

Amount in ₹

	2016-17	2015-16
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	15,96,85,825	4,53,04,179
Add: Depreciation	1,22,30,280	51,98,417
Add: Loss on sale	40,385	-
Add: Finance costs	47,29,49,968	28,82,12,654
Less: Interest income on deposits	(4,04,64,464)	(2,24,24,897)
Add: Provisions	4,43,68,102	60,68,435
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	64,88,10,095	36,88,37,955
(Increase) / Decrease in net Receivables under Financing Activities	(3,02,47,89,675)	(60,46,18,975)
(Increase) / Decrease in Loans and Advances	2,04,05,039	(1,55,88,037)
(Increase) / Decrease in Other Current Assets	(1,89,41,380)	(19,29,301)
Increase / (Decrease) in Provisions	(4,90,95,865)	-
Increase / (Decrease) in Current Liabilities	3,34,77,341	60,93,904
Cash (Used in) / From Operations	(2,39,01,34,445)	(24,72,04,454)
Less: Interest paid on Bank Borrowings	(47,07,13,366)	(27,80,23,907)
Less: Direct Taxes Paid	(3,40,00,000)	(3,28,94,060)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES (A)	(2,89,48,47,811)	(55,81,22,421)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Bank deposits	(25,20,80,870)	(12,91,29,129)
Purchase of Fixed Assets (Including capital advance for NAV Software)	(3,67,20,389)	(1,76,13,113)
Sale of Fixed assets	25,000	-
Investment in Mutual Funds	(60,01,64,109)	-
Interest on Deposits	1,92,55,984	1,14,76,448
NET CASH (USED IN) / FROM INVESTING ACTIVITIES (B)	(86,96,84,384)	(13,52,65,794)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	39,99,99,960	-
Proceeds from Long term borrowings	3,74,32,28,139	71,28,75,113
Proceeds from Short term borrowings	-	-
Repayment of Long term borrowings	-	-
Repayment of Short term borrowings	(20,56,047)	(2,70,32,111)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES (C)	4,14,11,72,052	68,58,43,002
Net Increase / (Decrease) in Cash and Cash Equivalents(A)+(B)+(C)	37,66,39,857	(75,45,213)
Cash and Cash Equivalents at the beginning of the Year	15,64,84,080	16,40,29,293
Cash and Cash Equivalents at the end of the Year	53,31,23,937	15,64,84,080

Significant Accounting Policies and Notes to the Accounts 1 to 25

	For and on behalf of the Board	
	sd/	sd/
For M/s. N. Sankaran & Co	Dr. Kalpana Sankar	Dr. N. Jeyaseelan
Chartered Accountants	Managing Director	Director
Firm Regn. No 003590S		
sd/	sd/	sd/
(L. Pattabhiraman, FCA)	L. Muralidharan	Sunil Kumar Sahu
Partner	Chief Financial Officer	Company Secretary
Place : Chennai		
Date : May 13, 2017		
	Membership No 022023	

Amount in ₹

	As at March 31, 2017	As at March 31, 2016
1. SHARE CAPITAL		
Authorised		
Equity Shares:		
2,50,00,000 (2,50,00,000)		
Equity Shares of ₹10/- each	25,00,00,000	25,00,00,000
Issued, Subscribed & Fully paid up		
23,246,568 (14,357,680)		
Equity Shares of ₹.10/- each	23,24,65,680	14,35,76,800

	As at March 31, 2017		As at March 31, 2016	
	No	Amount	No	Amount
a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:				
Equity Shares				
At the beginning of the year	1,43,57,680	14,35,76,800	1,43,57,680	14,35,76,800
Issued during the year	88,88,888	8,88,88,880	-	-
Outstanding at the end of the year	2,32,46,568	23,24,65,680	1,43,57,680	14,35,76,800

b) Terms/ rights attached to Equity shares

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

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

	As at March 31, 2017		As at March 31, 2016	
	No	% Holding	No	% Holding
(i) Sarvam Financial Inclusion Trust, Kancheepuram	73,25,654	31.51	87,54,225	60.97
(ii) Muthoot Finance Limited	1,50,17,459	64.60	-	-
(iii) International Finance Corporation	-	-	20,00,000	13.93
(iv) Norwegian Microfinance Initiative Frontier Fund KS	-	-	16,00,000	11.14
(v) Aavishkaar Goodwell India Microfinance Development Company	-	-	8,00,000	5.57
(vi) Hand in Hand Consulting Services Pvt Ltd	-	-	7,29,472	5.08
Total	2,23,43,113	96.11	1,38,83,697	96.69

	Amount in ₹	
	As at March 31, 2017	As at March 31, 2016
2. RESERVES & SURPLUS		
(a) Securities Premium Reserve:		
Balance at the beginning of the year	12,83,65,200	12,83,65,200
Add: Additions during the year	31,11,11,080	-
	43,94,76,280	12,83,65,200
Less: Deductions during the year	-	-
Balance at the end of the year	43,94,76,280	12,83,65,200

Note:

Addition to Securities Premium Reserves Represents: Premium of ₹35/- per share on allotment of 88,88,888 equity shares (previous year Nil) to M/s Muthoot Finance Ltd.

(b) Other Reserves:		
(i) General Reserves	10,000	10,000
(ii) Statutory Reserve		
Balance at the beginning of the year	3,06,66,406	1,84,54,158
Add: Amount transferred from surplus in Profit and Loss Statement	2,08,84,351	1,22,12,248
	5,15,50,757	3,06,66,406
Less: Deductions during the year	-	-
Balance at the end of the year	5,15,50,757	3,06,66,406

Note:

Statutory Reserve represents the Reserve Fund created under Section 45 IC of the Reserve Bank of India Act, 1934.

(c) Surplus in Profit & Loss Account :		
Balance at the beginning of the year	9,62,99,579	4,75,61,698
Add: Profit / (Loss) for the year	10,44,21,755	6,10,61,240
	20,07,21,334	10,86,22,938
Less: Transfer to Statutory Reserve	2,08,84,351	1,22,12,248
Less: Transfer to Debenture Redemption Reserve	2,08,87,303	1,11,111
	15,89,49,680	9,62,99,579

	As at March 31, 2017	As at March 31, 2016
(d) Debenture Redemption reserve:		
Balance at the beginning of the year	1,11,111	-
Add: Amount transferred during the year	2,08,87,303	1,11,111
	2,09,98,414	1,11,111
Less: Deductions during the year	-	-
Balance at the end of the year	2,09,98,414	1,11,111
Total Reserves and Surplus(a) + (b) + (c) + (d)	67,09,85,131	25,54,52,296

Note:

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

- 15% Unsecured, Subordinated, redeemable, Non-Convertible Debentures
- 11.5% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures
- 12% Senior, Secured, Redeemable, Rated, Unlisted, Taxable, Non-Convertible Debentures

3. LONG TERM BORROWINGS		
(i) Debentures-Unsecured		
15% Unsecured, Subordinated, Redeemable, Non-Convertible Debentures	10,00,00,000	10,00,00,000
11.5% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	10,00,00,000	-
(ii) Debentures-Secured		
12% Senior, Secured, Redeemable, Rated, Unlisted, Taxable, Non-Convertible Debentures	40,00,00,000	-
(A)	60,00,00,000	10,00,00,000
(iii) Term Loans		
(i) From Banks - Secured	2,79,57,74,072	1,40,52,97,880
(ii) From Others - Secured	3,06,31,77,535	1,20,81,88,986
	5,85,89,51,607	2,61,34,86,866
Less: Current maturities of Long Term Loan transferred to other Current Liabilities	2,99,94,77,471	1,66,04,51,817
(B)	2,85,94,74,136	95,30,35,049
(A) + (B)	3,45,94,74,136	1,05,30,35,049

Note:

- The Company has issued 100 Nos. of 15% Unsecured, Subordinated, Redeemable, Non-Convertible Debentures of face value of ₹10,00,000/- (Rupees Ten Lakh only) amounting to ₹10,00,00,000/- (Rupees Ten Crores only) during the Financial Year 2015-16.

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

Details of the Debentures are as under:

Coupon rate	Maturity Date	Debenture Details		As at 31 March 2017	As at 31 March 2016	Options Available	Date of Redemption if option is exercised
		Nos	Face Value	Rs in Lakhs	Rs in Lakhs		
15.00%	March 29, 2021	100	10,00,000	1,000	1,000	NA	NA
12.00%	March 30, 2020	400	10,00,000	4,000	0.00	NA	NA
11.50%	May 31, 2023	1,00,000	1,000	1,000	0.00	NA	NA
Total				6,000	1,000		

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

e) Details of Long term Borrowings:

Amount outstanding

Amount in ₹

Maturity	Base Rate + Spread (2.5% to 6.00%)	MCLR + Spread (0.75% to 3.50%)	Market Borrowing
< 1 year	44,90,58,730	87,28,30,030	1,74,41,92,497
1 - 2 years	16,52,71,816	68,56,09,491	88,14,16,397
2 - 3 years	13,52,22,300	56,07,95,261	72,11,58,871
3- 4 years	-	-	21,00,00,000
>4 years	-	-	10,00,00,000

Amount in ₹

	As at March 31, 2017	As at March 31, 2016
4. LONG TERM PROVISIONS		
Provision for Standard Receivables under financing activity	5,18,97,652	2,34,45,283
Provision for Standard Assets @ 0.25%	1,41,69,402	-
	6,60,67,054	2,34,45,283

Amount in ₹

	As at March 31, 2017	As at March 31, 2016
5. SHORT TERM BORROWINGS		
Loans repayable on demand : From Banks - Cash Credit facility - Secured State Bank of India, Chennai (Secured by hypothecation of Receivables under Financing activity created out of the Cash Credit facility)	6,66,03,786	6,86,59,833
	6,66,03,786	6,86,59,833
6. OTHER CURRENT LIABILITIES		
Current maturities of Term Loans from Banks & NBFC	2,99,94,77,471	1,66,04,51,817
Dues to:		
Employees	22,00,669	1,91,459
Statutory Authorities	89,44,587	58,97,493
Others*	3,07,62,899	91,47,972
	3,04,13,85,626	1,67,56,88,741
*Includes ₹1,60,47,422 in FY 16-17 on account of Securitisation.		

7. SHORT TERM PROVISIONS

(a) Provision for Employee benefits		
Provision for Gratuity	28,37,461	1,11,611
Provision for Bonus	95,26,330	54,46,070
(b) Others		
Provision for Non Performing Receivables under Financing activity	47,79,956	30,33,624
Provision for Taxation	7,49,39,602	5,18,25,991
	9,20,83,349	6,04,17,296

Note: 7

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

8. FIXED ASSETS

Amount in ₹

	Gross Block			Depreciation			Net Carrying Value			
	As at 01.04.2016	Additions	Deletions	As at 31.03.2017	Upto 01.04.2016	For the period ended 31.03.2017	With drawn	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
Tangible Assets										
Furniture and Fixtures	27,22,219	27,77,224	-	54,99,443	15,61,579	11,59,361	-	27,20,940	27,78,503	11,60,640
Vehicles	58,568	14,61,571	-	15,20,139	24,393	89,135	-	1,13,5281	4,06,611	34,175
Office Equipment	15,06,839	16,30,201	-	31,37,040	8,48,183	4,97,760	-	13,45,943	17,91,097	6,58,656
Computers	1,04,53,399	1,28,72,705	1,14,236	2,32,11,868	50,09,892	41,18,532	48,851	90,79,5731	41,32,295	54,43,507
Sub Total	1,47,41,025	1,87,41,701	1,14,236	3,33,68,490	74,44,047	58,64,788	48,851	1,32,59,984	2,01,08,506	72,96,978
Previous Year	68,19,663	79,21,362	-	1,47,41,025	45,77,873	28,66,174	-	74,44,047	72,96,978	22,41,790
Intangible Assets										
Computer Software	1,39,70,165	2,90,82,218	-	4,30,52,383	1,01,36,974	63,65,492	-	1,65,02,466	2,65,49,917	38,33,191
Sub Total	1,39,70,165	2,90,82,218	-	4,30,52,383	1,01,36,974	63,65,492	-	1,65,02,466	2,65,49,917	38,33,191
Previous Year	1,25,31,625	14,38,540	-	1,39,70,165	78,04,730	23,32,244	-	1,01,36,974	38,33,191	47,26,895
Grand Total	287,11,190	4,78,23,919	1,14,236	7,64,20,873	1,75,81,021	1,22,30,280	48,851	2,97,62,450	4,66,58,423	1,11,30,169
Capital Work In Progress	111,03,530	63,53,750	174,57,280	-	-	-	-	-	-	1,11,03,530
Previous Year	3,98,14,720	5,41,77,669	175,71,516	7,64,20,873	1,75,81,021	1,22,30,280	48,851	2,97,62,450	4,66,58,423	2,22,33,699
Previous Year	2,22,01,607	1,81,38,113	5,25,000	3,98,14,720	1,23,82,603	51,98,417	-	1,75,81,020	2,22,33,699	98,19,004

Note:

1. Pursuant to the applicability of the Companies Act 2013 ("the Act") with effect from 1st April 2014, depreciation on fixed assets for the year has been calculated based on the useful life of the asset as required by Schedule II of the Act (refer our policy No.4 under note No.25 on depreciation).

	Amount in ₹	
	As at March 31, 2017	As at March 31, 2016
9. Deferred Tax Assets (net)		
Deferred Tax Asset		
Provision for Receivables under Financing activity	2,41,09,515	87,54,602
Interest disallowable U/S 43B	37,70,257	13,67,430
On account of Fixed Assets	1,59,180	9,71,514
	2,80,38,952	1,10,93,546
Deferred Tax Liability	-	-
Net Deferred Tax Asset	2,80,38,952	1,10,93,546
Movement in Deferred Tax Asset	1,69,45,406	36,27,894
10. Receivables Under Financing Activity		
Unsecured - Long term		
Micro Finance Loans:		
Long term maturities of Receivables under Financing Activity transferred from Receivables under Financing Activity	1,40,30,10,579	67,70,24,241
	1,40,30,10,579	67,70,24,241
11. Long-term Loans and Advances		
Unsecured, Considered good unless otherwise stated :		
Other Loans and Advances	30,71,400	12,09,590
TDS Receivable and Advance Tax	3,92,98,176	4,91,05,375
	4,23,69,576	5,03,14,965
12. Other Non - Current Assets		
Ear-marked Bank Balances transferred from Current Assets (Deposits are placed as Collaterals with Banks to obtain secured loans)	33,95,00,000	13,23,75,000
	33,95,00,000	13,23,75,000
13. Investments		
Current Investments(Non Trade)		
Units of Mutual Fund(Quoted)	60,01,64,109	-
	60,01,64,109	-

	Amount in ₹	
	As at March 31, 2017	As at March 31, 2016
Note:		
Scheme		
1. HDFC LIQUID FUND-Regular Plan-Dividend Daily Reinvest 294274.757 units of Rs.1000 each (PY-NIL Units)	30,01,07,282	-
2. KOTAK LIQUID FUND-Regular Plan-Daily Dividend-81794.3341 units of Rs.1000 each(PY-NIL Units)	10,00,18,929	-
3. ICICI PRUDENTIAL MONEY MARKET FUND-Daily Dividend 1997791.844 units of Rs 100 each (PY-NIL units)	20,00,37,898	-
	60,01,64,109	-
Market Value of Quoted Investments	60,01,64,109	-
14. Receivables Under Financing Activity		
Unsecured - Short term		
Micro Finance Loans-Unsecured	5,66,77,60,773	2,64,29,71,098
Note:		
1. The above Micro Finance Loans have been granted under SHG/JLG Scheme to the women organised in SHG/JLG.		
2. Of the above:		
- Considered Good	5,66,21,44,426	2,63,85,30,276
- Non Performing Receivables under Financing activity as per Company's Provisioning Norms	56,16,347	44,40,822
3. Loss assets - Receivables under Financing activity as per Company's Provisioning Norms	-	-
4. Assets derecognised on account of securitisation of receivable is Rs 913,41,589(Previous year- Nil)		
Less: Long term maturities of Receivables under Financing Activity transferred to Receivables under Financing Activity	1,40,30,10,579	67,70,24,241
Less: Loss assets - Receivables under Financing activity as above transferred to Provisions and Write offs	-	-
	4,26,47,50,194	1,96,59,46,857

	Amount in ₹	
	As at March 31, 2017	As at March 31, 2016
15. CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on Hand	33,92,164	3,54,713
Balances with Scheduled Banks:		
- In Current Accounts	52,97,31,773	13,06,29,367
- In Short-term Deposit Accounts	-	2,55,00,000
	53,31,23,937	15,64,84,080
Other Deposit Balances (Ear-marked)		
- In Deposit Accounts	58,85,85,000	33,65,04,129
Less : Transferred to other Non Current assets	33,95,00,000	13,23,75,000
	78,22,08,937	36,06,13,209
16. SHORT-TERM LOANS AND ADVANCES		
Unsecured, Considered good unless otherwise stated		
Other Loans and Advances		
Loan to Staff	38,92,416	40,06,885
Other Advances*	3,74,76,023	1,54,78,412
Rent Deposits	18,97,600	22,64,500
Service Tax Recoverable	13,84,360	13,60,252
	4,46,50,399	2,31,10,049
*Other advances include Margin on securitisation of ₹89,44,845 (Previous year- Nil)		
17. OTHER CURRENT ASSETS		
Considered Good		
Interest accrued but not due		
- on Loans to Borrowers	3,46,34,927	1,56,93,547
- on Deposit	4,30,78,666	2,18,70,185
	7,77,13,593	3,75,63,732
18. INCOME FROM OPERATIONS		
(a) Interest	90,51,17,956	52,65,35,420
(b) Other Financial Services		
- Processing fees	6,86,40,563	3,11,21,240
(c) Recovery of Bad debts	53,290	79,548
	97,38,11,809	55,77,36,208

Amount in ₹

	As at March 31, 2017	As at March 31, 2016
19. OTHER INCOME		
(a) Interest:		
Interest on Deposits	4,04,64,464	2,24,24,897
Other Interest	5,24,968	5,28,739
(b) Others:		
Other non-operating income	1,29,995	2
Facilitation fee	99,63,210	-
Dividend exempt	14,17,125	-
Income from Current Investments	9,88,195	-
Income from securitisation	65,36,096	-
	6,00,24,053	2,29,53,638

20. FINANCE COST

Interest on Loans:		
- Term Loans-Banks	22,69,61,260	14,21,75,472
- Cash Credit facility	34,06,971	43,44,248
- Term Loans-NBFC	24,25,81,737	14,16,92,934
Interest on NCD	1,52,63,014	82,192
Loan Processing Fees	4,53,01,024	1,92,79,756
Bank charges	24,74,118	6,44,473
Loan Documentation & Inspection charges	9,42,193	2,97,480
	53,69,30,317	30,85,16,555

21. EMPLOYEE COST

Salaries, Wages and Bonus	17,39,55,757	11,33,81,734
Contribution to Provident and Other Funds	1,58,66,150	60,49,795
Staff Welfare expenses	28,73,861	38,26,035
	19,26,95,768	12,32,57,564

22. OTHER OPERATING EXPENSES

Rent	1,06,54,471	62,91,667
Electricity charges	17,32,407	8,21,971
Rates and Taxes	5,43,816	1,98,766
Insurance	3,03,711	10,02,638
Loss on sale of asset	40,385	-
Repairs and Maintenance	1,08,81,981	43,50,532
Travelling & Conveyance*	3,13,70,208	66,91,287
Communication expenses	26,46,626	18,16,044
Printing & Stationery	72,75,330	53,43,605
Postage & Courier	8,84,925	3,95,403
Business Promotion expenses	32,55,676	30,88,359
Professional charges	1,17,38,317	1,25,72,135
Other expenses	18,12,945	12,12,974
CSR expenses	11,70,000	-
Director Sitting Fees	8,20,000	5,24,400
Credit Bureau expenses	11,89,772	6,46,248
Auditor's Remuneration**:		
- Statutory Audit	13,75,000	7,30,000
- Tax Audit	2,00,000	1,50,000
For Management Services		
- Certification fees	30,000	29,500
* Includes Foreign Travel expenditure of ₹2,77,563 (PY 2,18,781)		
** excluding Service tax		
	879,25,570	4,58,65,529

23. PROVISIONS AND WRITE-OFFS

Provision for Standard Receivables under Financing Activity (Net)	3,01,98,700	60,68,435
Provision for Standard Assets (at 0.25%)	1,41,69,402	-
	4,43,68,102	60,68,435

24. EARNINGS / (LOSS) PER SHARE

Profit after tax	10,44,21,755	6,10,61,240
Weighted average number of equity shares	2,32,46,568	1,43,57,680
Earning per Share (₹)		
- Basic	4.49	4.25
- Diluted	5.11	4.25
- Face Value per share (₹)	10	10

25. Significant Accounting Policies and Other Notes to Accounts for the Year 2016-17

Note 1: Corporate Information

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

Note 2: Significant Accounting Policies

1. Basis of accounting and preparation of financial statements

The financial statements have been prepared and presented on accrual basis, under the historical cost convention except interest/discount on a loan which have been classified as Non-Performing Assets (NPA) and is accounted for on cash basis, unless otherwise stated in accordance with the Generally Accepted Accounting Principles (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act 2013, as applicable in India in accordance with Revised Schedule VI to the Companies Act, 2013 applicable from 1st April 2014.

The company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India (RBI) for Non-Deposit taking Non-Banking Finance Companies (NBFC - ND) or more stringent norms as indicated by item no. 11 below.

2. Use of Estimates

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

3. Revenue Recognition

- i. Interest charges on loans given to borrowers are recognized on reducing balance method.
- ii. Profit on securitization of loan portfolio through bankruptcy remote Special Purpose Vehicle (SPV) is recognized over the residual life of the securitization transaction in terms of RBI Guidelines. Profit on sale of loan assets through direct assignment, without any recourse obligation or otherwise is amortized over the residual life of the loan.
- iii. Loan Processing Fees charged to borrowers are recognized upfront in the year of receipt.
- iv. Interest income on deposits with banks is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- v. All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization / collection.
- vi. In respect of contracts in respect of loans that have become NPA, interest has been recognized only to the extent collected.

4. Fixed Assets and Depreciation

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

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

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

5. Investments

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

6. Receivables under Financing activity

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

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

7. Taxes on income

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

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

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

8. Retirement and other Employee Benefits

- i. Defined Contribution Plan:

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

ii. Defined Benefit Plan:

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

9. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

10. Processing Fees – loans from banks

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

11. Classification & Provisioning of Loan Portfolio

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

Asset Classification Norms:

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

Provisioning Norms:

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

1% of the Outstanding Loan Portfolio of the SHG	(A)
OR	
50% of the aggregate loan installments in respect of the SHG wherein an individual borrower for whom interest/principal repayment has remained overdue for a period of 90 days or more	}
and	
100% of aggregate loan installments in respect of the SHG wherein an individual borrower for whom interest/principal repayment has remained overdue for a period of 180 days or more	

(A) or (B) whichever is higher

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

1% of the Outstanding Loan Portfolio of the JLG	(A)
OR	
50% of the aggregate loan installments in respect of an individual borrower for whom interest/principal repayment has remained overdue for a period of 90 days or more	}
and	
100% of the aggregate loan installments in respect of an individual borrower for whom interest/principal repayment has remained overdue for a period of 180 days or more	

(A) or (B) whichever is higher

Further the Company also provides Standard asset provisioning for standard assets at 0.25 percent of the outstanding, which shall not be reckoned for arriving at net NPAs.

12. Service Tax Input Credit

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

As per our report of even date attached

For N. Sankaran & Co.

Chartered Accountants
Firm No: 003590S
sd/
L. Pattabhiraman
Partner
M.No.022023

Place : Chennai
Date : May 13, 2017

For and on behalf of the Board

sd/ Dr. Kalpana Sankar Managing Director	sd/ Dr. N. Jeyaseelan Director
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sd/ L. Muralidharan Chief Financial Officer	sd/ Sunil Kumar Sahu Company Secretary
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Other Notes to Accounts

1. Managerial Remuneration

Managing Director

Amount in ₹

Particulars	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Salaries and Allowances	60,00,000	48,20,000
Employer Contribution to Provident Fund	21,600	21,600
Total	60,21,600	48,41,600

Note

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

2. Micro Enterprises and Small Enterprises

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

3. Expenditure in Foreign Currency

The total foreign travel expenditure for the FY 2016-17 is ₹ 2,77,563 (PY ₹ 2,18,781/-)

4. Segment Information

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

5. Gratuity

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

Amount in ₹

Particulars	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Projected Benefit Obligation at the beginning of the Year / Period	62,24,490	50,28,068
Service Cost	14,77,797	12,54,550
Interest Cost	4,28,963	3,91,699
Actuarial (Gains) /Losses	-	-
Benefits Paid / Charges deducted	(14,49,940)	(12,577)
Projected Benefit Obligation at the end of the Year / Period	1,03,03,356	62,24,490

Change in Plan Assets		
Fair value of plan assets as at the beginning of the period	61,12,880	34,58,164
Expected Returns on Plan Assets at the Beginning of the Year / Period	5,86,480	4,11,975
Employer's Contribution	22,57,067	22,51,238
Benefits Paid / Charges deducted	(14,49,940)	(12,577)
Actuarial Gains / (Losses)	(40,592)	4,080
Fair Value on Plan Assets at the end of the Year / Period	74,65,895	61,12,880
Cost of the defined Benefit Plan for the Year / Period		
Current Service Cost	14,77,797	12,54,550
Interest on Obligation	4,28,963	3,91,699
Expected Return on Plan Assets	(5,86,480)	(4,11,975)
Net Actuarial (Gains) /Losses recognized in the Year End / Period	36,62,638	(4,41,330)
Net Cost Recognized in the Profit and Loss account	49,82,918	7,92,944
Assumptions		
Discount Rates	7.20%	7.80%
Future Salary Increase	6.00%	6.00%
Expected Rate Of Return on Plan Assets	8.00%	9.00%

Notes:

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

6. Related Party Disclosures (As per AS-18)

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

Nature of Relationship	Name of the Party	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Key Management Personnel	Dr. (Mrs) Kalpana Sankar	Dr. (Mrs) Kalpana Sankar
Relative of Key Management Personnel	Ms. D. Bindhu (Sister of Dr. (Mrs) Kalpana Sankar)	Ms. D. Bindhu (sister of Dr. (Mrs) Kalpana Sankar)
	Ms. Kamini Dhandapani (Sister of Dr. (Mrs) Kalpana Sankar)	Ms. Kamini Dhandapani (sister of Dr. (Mrs) Kalpana Sankar)

Nature of Relationship	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Entities Holding Substantial Interest	Sarvam Financial Inclusion Trust (previously known as Sarvam Mutual Benefit Trust, Kancheepuram)	Sarvam Financial Inclusion Trust (previously known as Sarvam Mutual Benefit Trust, Kancheepuram)
Holding Company	Muthoot Finance Limited	-
Entities where Company has Control	-	-
Entities where Key Management Personnel are interested	Dr. (Mrs) Kalpana Sankar 1. Hand in Hand Consulting Services P.Ltd-Director 2. Hand in Hand Inclusive Development & Services- Chairperson 3. Hand in Hand India- Chair Person & Managing Trustee 4. Socio Economic and Educational Development Trust – Chairperson	Dr. (Mrs) Kalpana Sankar 1. Hand in Hand Consulting Services P.Ltd- Director 2. Hand in Hand Inclusive Development & Services- Chairperson 3. Hand in Hand India- Chair Person & Managing Trustee 4. Socio Economic and Educational Development Trust– Chairperson

Note:

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

Transactions with Related Parties

Transaction	Related Party	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Reimbursement of Expenses and Loan recoveries for employees transferred	Hand in Hand India		
	Total debits	13,96,887	5,00,000
	Total credits	18,89,607	5,36,939
Staff Training Expenses	Hand in Hand Consulting Services Private Limited	19,95,000	20,00,000
Corporate Social Responsibility (CSR) Expenses	Hand in Hand India	11,70,000	-
Towards purchase of SHG Loan Portfolio	Hand in Hand India	17,84,26,708	Nil
Term Loan Availed	Muthoot Finance Limited	20,00,00,000	Nil
Interest on Account of Term loan availed	Muthoot Finance Limited	1,53,74,380	Nil
Interest on NCD paid	Muthoot Finance Limited	1,01,71,233	Nil
Interest on NCD paid	Muthoot Insurance Brokers Private Limited	33,28,767	Nil

Transaction	Related Party	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Balance at the end of the year			
	Payable to Hand in Hand India	5,29,659	36,939
	NCD Investment by Muthoot Finance Limited	1,00,00,000	-
	NCD Investment by Muthoot Insurance Brokers Private Limited	9,00,00,000	-
	Term Loan by Muthoot Finance Limited	18,33,33,000	-

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

Particulars	March 31,2017 Number /Amount (₹.)	March 31,2016 Number /Amount(₹.)
No of SPVS sponsored by the NBFC for securitisation transactions	-	-
Total amount of securitised assets as per books of the SPVs Sponsored	17,63,84,197	-
Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet	-	-
a) Off -balance sheet exposures	-	-
First loss		
Others		
b) On-balance sheet exposures		
First loss	1,03,86,528	-
Others		
Amount of exposures to securitisation transactions Other than MRR	-	-
a) Off -balance sheet exposures		
i)Exposure to own securitizations	-	-
First loss		
Loss		
ii)Exposure to third party securitisations	-	-
First loss		
Others		

Particulars	March 31,2017 Number /Amount (₹)	March 31,2016 Number /Amount(₹)
b) On -balance sheet exposures	-	-
i) Exposure to own securitisations	-	-
First loss		
Others		
ii) Exposure to third party securitisations	-	-
First loss		
Others		

8. Details of Financial Assets sold

Amount in ₹

Particulars	March 31,2017	March 31,2016
No. of accounts	16,731	-
Aggregate value of accounts sold to Securitisation Company	17,63,84,197	-
Aggregate Consideration	15,99,96,971	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Quantum of credit enhancement in the form of deposits	-	-
Aggregate gain /(loss) over net book value excluding service fee	-	-

9. Corporate Social Responsibility

a) Gross amount required to be spent by the company during the year ended 31.03.2017 ₹11.70 lakhs

b) Amount spent during the year :

Amount in ₹ Lakhs

Particulars	By Bank	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above (Health Promoting Preventive Health Care)	11.70	-	11.70

Amount spent during the year 2015-16 : NIL

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	-	-	-

10. Loan Portfolio and Provisions for Standard and Non-performing Assets

Amount in ₹

Asset Classification	Loans Outstanding as at 31 st March 2017 (Gross)	Provisions for Assets as at 31 st March 2017	Loans Outstanding as at 31 st March 2017 (Net)
Standard Assets	5,66,21,44,426	6,60,67,054	5,59,60,77,372
Non Performing Assets	56,16,347	47,79,956	8,36,391
Total	5,66,77,60,773	7,08,47,010	5,59,69,13,763

Changes in Provisions

Amount in ₹

Particulars	As at 01 st April 2016	Additional Provision	Utilization / Reversal	As at 31 st March 2017
Provision for Standard Assets				
Receivables under Financing Activity	2,34,45,283	4,26,21,771	-	6,60,67,054
Provision for Non- performing Receivables under Financing Activity	30,33,625	17,46,331	-	47,79,956
Total	2,64,78,908	443,68,102	-	7,08,47,010

11. Disclosure of Capital adequacy and Liquidity

The Company is not a systemically Important Non-deposit taking NBFC (ND-NBFC) as at 31st March 2017. However following the best practices in the industry information as per the RBI guidelines for the Systemically Important Non-Deposit taking Non-Banking Financing Companies (ND-NBFC) as regards Capital Adequacy, Liquidity and Disclosure Norms issued by the Reserve Bank of India on 1st August 2008 is disclosed.

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

Amount in ₹

S. No	Particulars	Amount Outstanding	Amount Over Due
	Liabilities :		
(1)	Loans and advances availed by the NBFC inclusive of interest accrued thereon not paid:		
(a)	Debentures		
	-Secured	40,00,00,000	-
	-Unsecured (Other than failing within the meaning of Public deposits)	20,00,00,000	-
(b)	Deferred Credits	-	-
(c)	Term Loans	5,85,89,51,607	-
(d)	Inter -Corporate Loans and Borrowings	-	-
(e)	Commercial Paper	-	-
(f)	Other Loans (Nature of other Loans, CC etc.)	6,66,03,786	-

S. No	Particulars	Amount Outstanding as on 31 st March 2017 in ₹
	Assets	
(2)	Breakup of Loans and Advances including Bills Receivables [Other than those included in (3) below] :	
(a)	Secured	-
(b)	Unsecured (including Interest accrued ₹3,46,34,927 and Other Loans ₹46,94,416)	5,70,70,90,116
(3)	Break up of Leased Assets and Stock on Hire and other Assets counting towards AFC activities.	
(i)	Leased Assets including Leased Rentals Accrued and Due:	
(a)	Financial Lease	-
(b)	Operating Lease	-
(ii)	Stock on fire including Hire charges under Sundry Debtors:	
(a)	Assets on Hire	-
(b)	Repossessed Assets	-
(iii)	Other Loans counting towards AFC activities	
(a)	Loans where Assets have been Repossessed	-
(b)	Loans Other than (a) above	-
(4)	Breakup of investments	
	Current Investments	
I	Quoted:	
(i)	Shares : (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Fund	60,01,64,109
(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)	-

(5) Borrower Group-Wise classification of Assets financed as in (2) and (3) above				
S. No	Category	Net of provisions as at 31 March 2017 (Amount in ₹)		
		Secured	Unsecured	Total
1.	Related Parties	-	-	-
	(a) Subsidiaries	-	-	-
	(b) Companies in the Same Group	-	-	-
	(c) Other Related Parties	-	-	-
2.	Other than Related Parties	-	5,66,77,60,773	5,66,77,60,773
	Total		5,66,77,60,773	5,66,77,60,773

(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	-	-

(7) Other Information			Amount outstanding as at March 31, 2017
(i)	Gross Non-Performing Assets	Related Parties	-
		Other than Related Parties	56,16,347
(ii)	Net Non-Performing Assets	Related Parties	-
		Other than Related Parties	(8,36,391)
(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 August 01, 2008

Amount in ₹

i. Capital Adequacy Ratio

Particulars	As at 31 st March 2017	As at 31 st March 2016
Tier I Capital	84,07,29,052	38,27,14,798
Tier II Capital	24,60,67,054	12,34,85,352
Total Capital	1,08,67,96,106	50,62,00,150
Total Risk Weighted Assets	6,39,44,77,161	3,03,79,94,635
Capital Ratios		
Tier I Capital as a Percentage of Total Risk weighted Assets (%)	13.15	12.60
Tier II Capital as a Percentage of Total Risk weighted Assets (%)	3.85	4.06
Total Capital (%)	17.00	16.66

The Company is a non-Systemically Important Non-Deposit taking NBFC vide RBI Circular DNBR (PD) CC no 002/3.10.001/2014-15 dated November 10, 2014. The leverage ratio computed in accordance with the said Circular is 6.02 as on the date of the Balance Sheet.

ii. Exposure to Real Estate Sector both Direct and Indirect

Category	As at 31 st March 2017	As at 31 st March 2016
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,	-	-
b. Commercial Real Estate	-	-
b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

iii. Asset Liability Management

Amount in ₹ Lakhs

Maturity Pattern of Certain Items of Assets and Liabilities as at March 31, 2017

	Up to 1 Month	Over 1 Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Liabilities									
Borrowing from Banks	614.75	475.39	1,358.59	3,206.21	6,833.81	15,468.99	0	0	27,957.74
Market Borrowings	1203.26	1,900.68	1,746.78	5,360.47	7,266.81	16,053.78	2,100.00	1,000.00	36,631.78
Total	1818.01	2,376.07	3,105.37	8,566.68	14,100.62	31,522.77	2,100	1,000.00	64,589.52
Assets									
Receivables under Financing activity	4,615.93	4,592.81	4,408.54	11,719.02	17,369.02	13,972.29	0	0	56,677.61
Loan to staff	5.05	4.28	3.73	9.65	16.21	8.02	0	0	46.94
Deposits	340.00	187.50	230.00	890.00	1,003.72	3,234.63	0	0	5,885.85
Total	4,960.98	4,784.59	4,642.27	12,618.67	18,388.95	17,214.94	0	0	62,610.40

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

There are no frauds during the financial year 2016-17.

13. Disclosure pursuant to RBI Notification DNBS (PD)CC.No.300/03.10.038/2012-13 dated August 03, 2012 and DNBS (PD) CC No 369/03.10.038/2013-14 dated February 07, 2014.

KEY RATIOS : as of 31st March 2017

	%
I Total Income from GLP (on Qualified Assets)	22.87
II Effective Cost of Borrowing	13.14
Margin	9.73

14. The Board of Directors have declared a final dividend ₹ 0.45 paise per equity share for the financial year ended 31st March 2017. The payment is subject to approval of the shareholders in the ensuing Annual General Meeting of the Company. The effect of the same will be given in the financial year 2017-18.

15. Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 are provided in the Table below:

Amount in ₹

Particulars	SBN	Other Denomination	Total
Closing cash in hand as on 08.11.2016	3,56,500	1,45,758	5,02,258
(+) Permitted receipts	7,27,56,500	29,67,81,671	36,95,38,171
(-) Permitted payments	-	17,64,141	17,64,141

Particulars	SBN	Other Denomination	Total
(-) Amount deposited in Banks	7,31,13,000	27,94,42,343	35,25,55,343
Closing cash in hand as on 30.12.2016	-	1,57,20,945	1,57,20,945

16. Capital and Other Commitments : Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs NIL

17. Contingent Liabilities : Nil (Previous Year – Nil)

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

19. The Company has been assigned CARE A rating for Bank Loans and MFI 2+ grading from CARE during the year ended March 2017 which is valid for this year.

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

As per our report of even date attached.

For and on behalf of the Board

For M/s. N. Sankaran & Co

Chartered Accountants
Firm Regn. No 003590S

sd/

(L. Pattabhiraman, FCA)

Partner
Membership No 022023

sd/

Dr. Kalpana Sankar
Managing Director

sd/

Dr. N. Jeyaseelan
Director

sd/

L. Muralidharan
Chief Financial Officer

sd/

Sunil Kumar Sahu
Company Secretary

Place : Chennai

Date : May 13, 2017

Notice To The Shareholders

Notice is hereby given that the **Twenty Ninth Annual General Meeting** of the members of Belstar Investment and Finance Private Limited will be held on Monday, the 31st July 2017 at 11.30 am at the Registered Office of the Company situated at Old no. 14, New no. 33, 48th Street, 9th Avenue, Ashok Nagar, Chennai – 600 083, to transact the following business:

Ordinary Business

Item No. 1

To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March 2017 and the Report of the Board of Directors and Auditors Report thereon.

Item No. 2

To declare dividend of Re. 0.45 per equity share of face value of Rs. 10 each (4.5%) for the financial year ended 31st March 2017.

Item No. 3

To appoint a Director in place of Dr. Natarajan Jeyaseelan (DIN 02281278), who retires by rotation and, being eligible, offers himself for re-appointment.

Item No. 4

To ratify the appointment of M/s. N. Sankaran & Co., Chartered Accountants, Firm Regn. No. 003590S, Chennai, Statutory Auditors of the Company and fixing their remuneration.

Special Business

Item No. 5 – To ratify the Appointment of Mr. Ananthanarayanan Subramanian as an Independent Director

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

“RESOLVED THAT pursuant to provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions, if any of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ananthanarayanan Subramanian (DIN 01777552), who was appointed as an Independent Director of the Company as per Companies Act 1956 and the Articles of Association of the Company, by the Board of Directors with effect from 20th December, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act be and is ratified as Independent Director of the Company in Non-Executive capacity, to hold office up to 19th December 2018 and he shall not be liable to retire by rotation”

Item No. 6 – To Appoint Mr. Srinivasan Aravamuthan Iyengar as an Independent Director

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

“RESOLVED THAT pursuant to provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Srinivasan Aravamuthan Iyengar (DIN 07846141), who was appointed as an Additional Director in Independent capacity of the Company by the Board of Directors with effect from 22nd June 2017 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act be and is hereby appointed as an Independent Director in Non-Executive capacity of the Company to hold office up to 30th Sept 2019 or date of 31st AGM whichever is earlier and he shall not be liable to retire by rotation.”

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

sd/

Place : Chennai
Dated : July 07, 2017

Sunil Kumar Sahu
Company Secretary

Notes

1. All the members entitled to attend and vote at the meeting may appoint another member or any other person, as proxy to attend and vote instead of himself/herself and proxy need not be a member.
2. The proxies to be effective should be deposited at the registered office of the company not later than 48 hours before the commencement of the meeting.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, (the “Act”) relating to Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto.
6. The Company does not have any unclaimed dividend amount to be transferred to Investor Education and Protection Fund (IEPF).
7. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Sec 170 of the Companies Act 2013 (“the Act”) and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Act, will be available for inspection by the member at the Annual General Meeting.

8. The Voting rights of shareholders shall be in proportion to their shares in the paid-up share capital of the Company as on 7th July 2017. The Record date for the purpose of payment of dividend and interest shall be 7th July 2017. Any person who is not a Member as on the record date should treat this Notice for information purposes only.
9. The Board of Directors of the Company at their meeting held on 13th May 2017 has recommended a dividend of 4.5% i.e ₹ 0.45 per share as final dividend for the financial year 2016-17. Dividend, if declared, at the AGM, will be paid on or before 30th August 2017. The dividend, if approved at the AGM, will be paid to those members whose names appear on the register of members of the Company as of the end of the day on 7th July 2017.
10. The relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company during normal business hours on all working days up to the date of the AGM.
11. This notice and the Annual Report will also be available on the Company's website <http://belstar.in/Annual-Reports.php> for download.
12. Additional information, pursuant to the Secretarial standard on General Meetings (SS-2), in respect of the Director seeking appointment/reappointment at the AGM, forms part of the explanatory statement.

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

sd/

Place : Chennai
Dated : July 07, 2017

Sunil Kumar Sahu
Company Secretary

Explanatory Statement Pursuant to section 102 of the Companies act, 2013 Annexed to the Notice of the Twenty Ninth Annual General Meeting of the Members of the Company

IN RESPECT OF ITEM NO. 5

Mr. Ananthanarayanan Subramanian (DIN 01777552) was appointed as an Independent Director on 20th December 2013. As the Company was a Private company at the time of his appointment, the appointment of an Independent Director was not mandatory for the Company as per the Companies Act, 1956. However, as per Articles of Association of the Company it was mandatory to appoint an independent director. Accordingly, the Company had appointed Mr. Ananthanarayanan Subramanian as Independent Director. The term of appointment was not determined as the erstwhile Act and the Articles of Association of the Company did not provide for the same at that time. As the Company is now a subsidiary of a public Company, the provisions of the Companies Act, 2013 pertaining to independent Director is applicable.

The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Mr. Ananthanarayanan Subramanian for the office of Independent Director of the Company, to be appointed as such under the provisions of Section 149 and 152 of the Companies Act, 2013. Mr. Ananthanarayanan Subramanian is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has also received a declaration from Mr. Ananthanarayanan Subramanian that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Mr. Ananthanarayanan Subramanian possesses appropriate skills, experience, and knowledge and, he fulfils the conditions for his appointment as an Independent Director as specified in the Companies Act.

Hence proposal is placed before the shareholders to ratify and confirm the appointment of Mr. Ananthanarayanan Subramanian and determine his term of office as valid for a period of Five years from 20th December 2013 to 19th December 2018.

The Board recommends the resolution no. 5 for the approval of members as an ordinary resolution.

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

IN RESPECT OF ITEM NO. 6

The Board of Directors of the Company in their meeting held on 22nd June, 2017, have appointed Srinivasan Aravamuthan Iyengar (DIN 07846141) as an Additional Director of the Company, categorised as Independent, in terms of Section 161 of the Companies Act, 2013. The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Mr. A Srinivasan Aravamuthan Iyengar for the office of Independent Director of the Company, to be appointed as such under the provisions of Section 149 and 152 of the Companies Act, 2013. Mr. Srinivasan Aravamuthan Iyengar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. Srinivasan Aravamuthan Iyengar that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. In the opinion of the Board Mr. Srinivasan Aravamuthan Iyengar possesses appropriate skills, experience and knowledge and, he fulfils the conditions for his appointment as an Independent Director as specified in the Companies Act.

Hence proposal is placed before the shareholders for appointment of Mr. Srinivasan Aravamuthan Iyengar and determine his term of office up to 30th Sept 2019 or date of 31st AGM whichever is earlier.

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

Except Mr. Srinivasan Aravamuthan Iyengar being the appointee none of the Directors nor Key Managerial personnel or their respective relatives of thereof are in any way, concerned or interested in the above resolution.

Additional Information of Directors Seeking Appointment/ Re-appointment at the Twenty Ninth Annual General Meeting as per Secretarial Standard on General Meetings (SS-2)

Name of Directors	Mr. Ananthanarayanan Subramanian	Mr. Srinivasan Aravamuthan Iyengar	Dr. Natarajan Jeyaseelan
DIN	01777552	07846141	02281278
Category	Non-Executive	Non-Executive	Non-Executive
Designation	Independent Director	Independent Director	Promoter Nominee Director
Date of Birth (Age)	03/06/1949	02/03/1950	23/05/1961
Date of 1 st Appt. of the Board	20/12/2013	22/06/2017	23/09/2015
Experience	Mr. A. Subramanian is a former Executive Director of Indian Bank. Before elevation as Executive Director, he was General Manager in Oriental Bank of Commerce in charge of Treasury, Balance Sheet & Taxation, International banking, Investor relations and HR. He has four decades of banking experience both in administrative office and the field, in all facets of banking and also visited many foreign countries for attending various seminars and meeting investors of the bank. While in service he was an active member of Accounts and Taxation committee of Indian Banks Association since 2004.	Mr. Srinivasan as a 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 Head Office. Areas of exposure include Forex and Technology besides a stint as Faculty in banks 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. Fifteen years exposure in technology management department of Indian Bank. He served as 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.	Dr. N. Jeyaseelan, with over two decades of experience in rural banking has piloted several microfinance initiatives in the banking sector, including the Indian Bank's Special Unit for Microfinance Project. A PhD in Microfinance, he has done several assignments in self-help groups, microfinance and micro insurance programmes across several countries. He has served as consultant to the UNDP, UNOPS, GIZ, IFAD, Agricultural Finance Corporation, TamilNadu Corporation for Development of Women Ltd, and Water Partner International (USA)

Name of Directors	Mr. Ananthanarayanan Subramanian	Mr. Srinivasan Aravamuthan Iyengar	Dr. Natarajan Jeyaseelan
DIN	01777552	07846141	02281278
Shareholdings in the Company	-	-	-
No of meeting of the Board attended during FY 2016-17	Seven out of Seven	-	Seven out of Seven
Directorships held in other Companies	-	-	1. Hand in Hand Consulting Services Pvt Ltd 2. Hand In Hand Inclusive Development and Services
Particulars of Committee Chairmanship/ Membership held in other Companies	-	-	-
Relationship with other Directors / KMP of the Company	-	-	-
Terms and Conditions of appointment/ Re-appointment	The appointment is for period of five years from 20 th December, 2013 to 19 th December, 2018 and he shall not liable to retire by rotation during the said tenor.	The appointment is up to 30 th Sept 2019 or date of 31 st AGM whichever is earlier, and he shall not liable to retire by rotation during the said tenor.	Non-executive Director liable to retire by rotation
Remuneration sought to be paid	Sitting fees for attending per meeting of Board / Committees as may be decided by the Board, subject to the ceiling prescribed from time to time, under Companies Act 2013 and Rules thereunder.	Sitting fees for attending per meeting of Board / Committees as may be decided by the Board, subject to the ceiling prescribed from time to time, under Companies Act 2013 and Rules thereunder.	Sitting fees for attending, per meeting of Board / Committees as may be decided by the Board, subject to the ceiling prescribed from time to time, under Companies Act 2013 and Rules thereunder.
Remuneration drawn during FY 2016-2017	Rs 8,20,000 (Towards Sitting Fees)	-	-

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

sd/

Sunil Kumar Sahu
Company Secretary

Place : Chennai
Dated : July 07, 2017

ATTENDANCE SLIP
BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
U06599TN1988PTC081652

Regd Office :New No 33, Old No 14, 48th Street ,9th Avenue , Ashok Nagar, Chennai, India-600 083
Phone No:+91-44-43414567 Email:bifpl@belstar.in Web site:www.belstar.in

Member(s) or his/her/their proxy(ies) are requested to present this form for admission, duly signed in accordance with his/her/their specimen signature(s) registered with the Company.

Name and address of the shareholder/Proxy:

Folio No : _____ DP ID & Client ID* : _____

No of shares held : _____

I/ We certify that I/ we am /are registered shareholder/proxy for the registered Shareholder of the Company and hereby record my/our presence at the 29th Annual General Meeting of the Company held on 31st July, 2017 at 11.30 a.m at Old No.14, New No.33, 48th Street, 9th Avenue, Ashok Nagar, Chennai, Tamil Nadu – 600083

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

*Applicable for investors holding shares in electronic form.

PROXY FORM

Form No. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules,2014

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Regd office: New No.33,Old No 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai, Tamil Nadu, India – 600 083,
Phone: +91-44-43414567, Email:bifpl@belstar.in, Web site:www.belstar.in
CIN:U06599TN1988PTC081652

Name of the Member(s) : Registered Address :
E-mail Id :
Folio No/ Client Id :
DPID :

I/We, being the member(s), holding shares of the above named company, hereby appoint:

1.Name : Address:.....

E-mail Id :..... Signature:....., or failing him/her

2.Name : Address:.....

E-mail Id :..... Signature:....., or failing him/her

3.Name : Address:.....

E-mail Id :..... Signature:....., or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on 31st July 2017, at 11.30 a.m at New No.33, Old No 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai-600083 and at any adjournment(s) thereof, in respect of the resolutions, as are indicated below:

I/We direct my/our Proxy to vote on the Resolutions in the manner as indicated below:

Sr.No	Resolution	For	Against	Abstain
Ordinary Business				
1.	Adopt the Financial Statements for the year ended 31 st Mar 2017			
2.	Declaration of Dividend			
3.	Re-appoint Dr. Natarajan Jeyaseelan who retires by rotation and being eligible, offers himself for reappointment			
4.	Ratification of the appointment of Statutory Auditors			
Special Business				
5.	Ratify the Appointment of Mr. Ananthanarayanan Subramanian as an Independent Director			
6.	Appoint Mr. Srinivasan Aravamuthan Iyengar as an Independent Director			

Signed this _____ day of _____, 2017

Signature of shareholder/
Authorised Person in case of corporate shareholder

Signature of Proxy holder

Affix Re.1
Revenue
Stamp

Please affix an "X" in the Box in the appropriate column against the respective resolution. If you leave the 'Assent' or 'Dissent' column blank against any or all the resolution, your Proxy will be entitled to vote in a manner as he/she think appropriate.

Route Map To Belstar Registered Office





Belstar Investment and Finance Private Limited

New No.33/14, 48th Street,
9th Avenue, Ashok Nagar,
Chennai, Tamil Nadu - 600 083.

Phone No :
+91 - 44 - 43414567

Email Id : bifpl@belstar.in
Website : [http//:belstar.in](http://:belstar.in)