



N.SANKARAN & CO.,
CHARTERED ACCOUNTANTS

1-A, RAJA ANNAMALAI BUILDING,
2nd FLOOR, Old No.19, New No.72,
MARSHALS ROAD, EGMORE,
CHENNAI - 600 008.
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of M/s **Belstar Investment and Finance Private Limited ("the company")**, which comprise the Balance Sheet as at 31st March 2016 and also the Statement of Profit and Loss for the year then ended and also the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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



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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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, 2016; 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, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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

Place: Chennai

Date: 27-06-2016



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

(L.PATTABHIRAMAN FCA)
Partner

Membership No 022023

Annexure A to Independent Auditors' Report

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our audit report of even date to the Members 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 neither granted nor taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly clauses (iii) (a) & (b) of Paragraph 4 of the order are not applicable to the Company for the current year.
- IV. 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, investor education and protection fund, employees state insurance, income-tax, wealth tax, service tax, cess and other material statutory dues as applicable, have been regularly deposited by the Company during the year with the appropriate authorities and there are no undisputed statutory dues which are outstanding for more than six months as at the Balance Sheet date.
 - b. According to the information and explanations given to us and according to the books and records as produced and examined by us, there were no cases of disputed income-tax, wealth tax, service tax, and cess.
- 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. No moneys were raised by way of initial public offer or further public offer (including debt instruments) and term loans.
- 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. Since the company is a private company, provisions of section 197 read with schedule V to the Companies Act does not apply.
- 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 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- XIV. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the Year under review. However, during the year end, as per Special Resolution in EGM, the company has raised Rs. 10.00 crores unsecured subordinated redeemable non-convertible debentures on private placement basis @ the interest rate of 15% per annum.



- XV. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- XVI. The company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the same has been complied with.

Place: Chennai
Date: 27-06-2016



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


(L.PATTABHIRAMAN FCA)
Partner
Membership No 022023

“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**, Chennai as of March 31, 2016 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, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".



Place: Chennai
Date: June 27, 2016

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

(L.PATTABHIRAMAN FCA)
Partner

Membership No 022023



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**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF
M/s BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED**

This report is issued in accordance with the terms of our engagement letter dated 18th August 2015.

We have audited the financial statements of M/s Belstar Investment and Finance Private Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and issued our report dated _ June 2016.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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



Conclusion

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

- I. The Company is engaged in the business of non banking financial institution and the Company has obtained a Certificate of Registration (CoR) from the Reserve Bank of India as a Non Banking Financial Company without accepting public deposits vide Certificate No.B-07-00792 dated 12th December 2011.
- II. The Company is entitled to continue to hold such CoR in terms of its asset/income pattern as on 31st March 2016.
- III. Based on the criteria set forth by the Reserve Bank of India in circular No.DNBS.CC.PD.No.250/03.10.01/2011-12 dated December 2 ,2011 and subsequent modification issued vide Master Circular DNBR(PD) CC.No.047/03.10.119/2015-16 dated July 1st 2015 as may be amended by RBI from time to time for classification of NBFCs as Non Banking Financial Company – Micro Finance Institutions' (NBFC-MFIs), M/s Belstar Investment and Finance Private Limited is eligible to be classified as NBFC-MFI as defined in Non Banking Financial Company – Micro Finance Institutions (Reserve Bank) Directions, 2011 with reference to the business carried on by the Company during the financial year 2015-16. The Company has received from RBI its endorsed CoR for classification as NBFC-MFI with effect from 11th December 2013.

Further we report,

- IV. The Board of Directors has passed a resolution for non-acceptance of any public deposits.
- V. The Company has not accepted any public deposits during the financial year 2015-16.
- VI. In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.
- VII. The Company is Systemically Important Non-Deposit taking NBFC, as defined in paragraph 2(1)(xix) of the Non-Banking Financial (Non-Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Direction, 2007, we report that –
 - a) Based on the records examined by us and according to the information and explanations given to us the capital adequacy ratio has been correctly arrived and such ratio is in compliance with the minimum Capital to Risk-weighted Assets Ratio (CRAR) prescribed by the Reserve Bank of India;
 - b) On the basis of our examination of books of accounts and according to the information and explanations given to us the Company has furnished the annual statement of capital funds, risk assets/exposure and risk assets ratio (NBS-7) to the Reserve Bank of India.



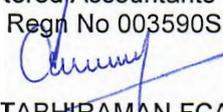
Restriction on use

This report is issued pursuant to our obligations under Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008 to submit a report on exceptions, noted while issuing our report dated 27th June 2016 on additional matters as stated in the above directions, to Reserve Bank of India and should not be used by any other person or for any other purpose. We neither accepts nor assumes any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

Place: Chennai
Date: 27-06-2016



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


(L.PATTABHIRAMAN FCA)
Partner
Membership No 022023

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2016

Amounts in Rs.

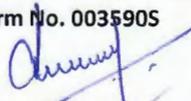
	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	143,576,800	143,576,800
Reserves and Surplus	2	255,452,296	194,391,056
		399,029,096	337,967,856
Non-Current Liabilities			
Long Term Borrowings	3	1,053,035,049	794,251,017
Long Term Provisions	4	23,445,283	19,614,121
		1,076,480,332	813,865,138
		2,797,383,622	2,096,053,056
Current Liabilities			
Short Term Borrowings	5	68,659,833	95,691,944
Other Current Liabilities	6	1,675,688,741	1,206,110,095
Short Term Provisions	7	60,417,296	23,034,936
		1,804,765,870	1,324,836,975
TOTAL		3,280,275,298	2,476,669,969
ASSETS			
Non - Current Assets			
Fixed Assets			
(i) Tangible Assets	8	7,296,978	2,241,790
(ii) Intangible Assets		3,833,191	4,726,894
(ii) Capital Work-in-Progress		11,103,530	2,850,319
		22,233,699	9,819,003
Deferred Tax Assets (Net)	9	11,093,546	7,465,651
Receivables under Financing Activity	10	677,024,241	406,386,750
Long - Term Loans and Advances	11	50,314,965	16,501,449
Other Non-Current Assets	12	132,375,000	121,375,000
		893,041,451	561,547,853
Current Assets			
Receivables under Financing Activity	13	1,965,946,857	1,631,965,373
Cash and Bank balances	14	360,613,209	250,029,293
Short - Term Loans and Advances	15	23,110,049	8,441,468
Other Current Assets	16	37,563,732	24,685,982
		2,387,233,847	1,915,122,116
TOTAL		3,280,275,298	2,476,669,969

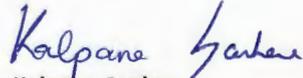
Significant Accounting Policies and Notes to the Accounts 1 to 25

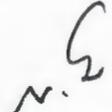
For M/s. N. Sankaran & Co.

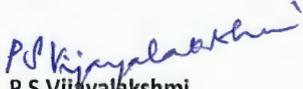
For and on behalf of the Board

Chartered Accountants
Firm No. 003590S


L. Pattabhiraman
Partner
M. No. 022023

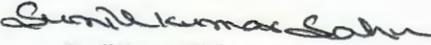

Dr. Kalpana Sankar
Managing Director


Dr. N. Jeyaseelan
Director


P. S. Vijayalakshmi
Chief Financial Officer

Place: Chennai
Date: 27/06/2016




Sunil Kumar Sahu
Company Secretary

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

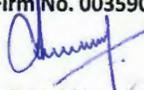
Amounts in Rs.

	Note	Year ended March 31, 2016	Year ended March 31, 2015
Revenue from Operations:			
Income from Operations	17	557,736,208	351,872,133
Other Income	18	22,953,638	12,906,864
Total Revenue		580,689,846	364,778,997
Expenses:			
Finance Cost	19	308,516,555	181,204,661
Employee Cost	20	123,257,564	97,779,646
Other Operating Expenses	21	45,865,529	28,520,535
Depreciation and Amortization Expenses	8	5,198,417	3,895,660
Provisions and Write-offs	22	6,068,435	8,074,316
Total expenses		488,906,500	319,474,818
		249,219,653	170,667,472
Profit/(Loss) before Tax		91,783,346	45,304,179
Tax Expenses			
Current tax		34,350,000	17,475,991
Deferred tax	9	(3,627,894)	(2,644,458)
Short / (Excess) provision written off/(back)		-	483,352
Profit (Loss) for the Year		61,061,240	29,989,294
		44.68	48.50
Earnings / (Loss) per Equity Share of Rs.10/- each:	23		
- Basic		4.25	2.09
- Diluted		4.25	2.09

Significant Accounting Policies and Notes to the Accounts

1 to 25

For M/s. N. Sankaran & Co.
Chartered Accountants
Firm No. 0035905


L. Pattabhiraman
Partner
M. No.022023

For and on behalf of the Board

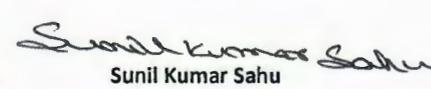

Dr. Kalpana Sankar
Managing Director


Dr. N. Jeyaseelan
Director


P S Vijayalakshmi
Chief Financial Officer

Place: Chennai
Date: 27/06/2016




Sunil Kumar Sahu
Company Secretary

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Cash Flow Statement for the year ended March 31, 2016

Amounts in Rs.

Particulars	2015-16	2014-15
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	91,783,346	45,304,179
Add: Depreciation	5,198,417	3,895,660
Add: Finance costs	288,212,654	(12,175,306)
Less: Interest income on deposits	(22,424,897)	165,344,201
Add: Provisions	6,068,435	8,074,316
Less: Provisions written back	-	(120,115)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	368,837,955	210,322,936
(Increase) / Decrease in net Receivables under Financing Activities	(604,618,975)	(804,735,015)
(Increase) / Decrease in Loans and Advances	(15,588,037)	(1,778,320)
(Increase) / Decrease in Other Current Assets	(1,929,301)	(4,211,762)
Increase / (Decrease) in Current Liabilities	6,093,904	4,157,210
Cash (Used in) / From Operations	(247,204,454)	(596,244,951)
Less: Interest paid on Bank Borrowings	(278,023,907)	(166,785,812)
Less: Direct Taxes Paid	(32,894,060)	(17,434,699)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES	(A) (558,122,421)	(780,465,462)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Bank deposits	(129,129,129)	(127,625,000)
Purchase of Fixed Assets (Including capital advance for NAV Software)	(17,613,113)	(7,148,021)
Interest on Deposits	11,476,448	5,610,781
NET CASH (USED IN) / FROM INVESTING ACTIVITIES	(B) (135,265,794)	(129,162,240)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	-
Proceeds from Long term borrowings	712,875,113	1,778,945,858
Proceeds from Short term borrowings	-	-
Repayment of Long term borrowings	-	(810,046,841)
Repayment of Short term borrowings	(27,032,111)	1,064,934
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	(C) 685,843,002	969,963,951
Net Increase / (Decrease) in Cash and Cash Equivalents	(A)+(B)+(C) (7,545,213)	60,336,249
Cash and Cash Equivalents at the beginning of the Year	164,029,293	103,693,044
Cash and Cash Equivalents at the end of the Year	156,484,080	164,029,293

Significant Accounting Policies and Notes to the Accounts

1 to 25

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

For and on behalf of the Board

L.Pattabhiraman
Partner
M. No.022023

Dr.Kalpana Sankar
Managing Director

Dr. N. Jeyaseelan
Director

P S Vijayalakshmi
Chief Financial Officer

Place: Chennai
Date: 27/06/2016



Sunil Kumar Sahu
Sunil Kumar Sahu
Company Secretary

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2016

	As at March 31, 2016	As at March 31, 2015
1. SHARE CAPITAL		
Authorised		
Equity Shares:		
2,50,00,000 (2,50,00,000) Equity Shares of Rs.10/- each	250,000,000	250,000,000
Issued, Subscribed & Fully paid up		
14,357,680 (14,357,680) Equity Shares of Rs.10/- each	143,576,800	143,576,800

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

	As at March 31, 2016		As at March 31, 2015	
	No	Amount	No	Amount
Equity Shares				
At the beginning of the year	14,357,680	143,576,800	14,357,680	143,576,800
Issued during the year	-	-	-	-
Outstanding at the end of the year	14,357,680	143,576,800	14,357,680	143,576,800

b) Terms/ rights attached to Equity shares

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

Promoters' Shareholding of 99,57,680(PY 99,57,680) equity shares of Rs.10/- each which amounts to 69.36%(PY 69.36%) shareholding in the Equity Share Capital of the Company. Transferability of the Promoters' Shareholding is restricted to 43.36%(PY 43.36%) of their existing stake of 69.36%(PY 69.36%) until the successful consummation of QIPO. Shareholding of other Investors are freely transferable.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at March 31, 2016		As at March 31, 2015	
	No	% holding	No	% holding
(i) Capt.P.K Ayre*	8,754,225	60.97%	8,754,225	60.97%
(ii) International Finance Corporation	2,000,000	13.93%	2,000,000	13.93%
(iii) Norwegian Microfinance Initiative Frontier Fund KS	1,600,000	11.14%	1,600,000	11.14%
(iv) Aavishkaar Goodwell India Microfinance Development Company	800,000	5.57%	800,000	5.57%
(v) Hand In Hand Consulting Services Pvt. Ltd.	729,472	5.08%	729,472	5.08%
TOTAL	13,883,697	96.69%	13,883,697	96.69%

*Managing Trustee, Sarvam Mutual Benefit Trust, Kancheepuram

Subsequent Development after the Balance sheet date:

The Company has signed a Binding Term sheet with M/s Muthoot Finance Limited on March 16, 2016.

As per the said Term sheet, M/s Muthoot Finance Limited will invest in the equity share capital of the company by way of subscribing to fresh issue of equity shares amounting to Rs 40 Crores in addition to acquiring the existing equity shares held by International Finance Corporation, Aavishkaar Goodwell India Microfinance Development Company and Norwegian Microfinance Initiative Frontier Fund KS.

RBI approval in respect of the above transaction has been obtained on June 22, 2016.



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2016

2. RESERVES & SURPLUS

(a) Securities Premium Reserve:

Balance at the beginning of the year 128,365,200
Add: Additions during the year -

	As at March 31, 2016	As at March 31, 2015
Balance at the beginning of the year	128,365,200	128,365,200
Add: Additions during the year	-	-
	128,365,200	128,365,200

Less: Deductions during the year -
Balance at the end of the year -

Note:

Balance in Securities Premium account represents Premium on allotment of 85,57,680 equity shares (Previous year 85,57,680 equity shares) comprising:
a) 52,00,000 equity shares (Previous year 52,00,000 equity shares) International Finance Corporation, Washington D. C., USA, Norwegian Microfinance Initiative Frontier Fund
KS, Norway, Swedfund International AB, Sweden and Aavishkaar Goodwell India Microfinance Development Company, Mauritius

b) 33,57,680 equity shares (Previous year 33,57,680) to Dr. Mrs. Kalpana Sankar, Ms. D. Bindhu, Ms. Kamini Dhandapani, Capt. P.K Ayre, M/s. Sarvam Mutual Benefit Trust, Kancheepuram and Hand in Hand Consulting Services Pvt. Ltd.

(b) Other Reserves:

(i) General Reserves

10,000

(ii) Statutory Reserve

Balance at the beginning of the year 18,454,158
Add: Amount transferred from surplus in Profit and Loss Statement 12,212,248

5,997,859

Less: Deductions during the year -
Balance at the end of the year -

18,454,158

Note:

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

(c) Surplus in Profit & Loss Account

Balance at the beginning of the year 47,561,698
Add: Profit / (Loss) for the year 61,061,240

23,570,263

Less: Transfer to Statutory Reserve 108,672,938
Less: Transfer to Debenture Redemption Reserve 12,212,248

29,989,294

53,559,557

111,111

96,299,579

47,561,698

(d) Debenture Redemption reserve

Balance at the beginning of the year -
Add: Amount transferred during the year 111,111

-

-

-

-

111,111

-

(a) + (b) + (c) + (d)

255,452,296

194,391,056

Note:

On prudence basis, Debenture Redemption Reserve has been created proportionately in respect of the 15% Unsecured, Subordinated, redeemable, Non-Convertible Debentures.



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2016

3. LONG TERM BORROWINGS

(i) Redeemable Non convertible debentures

15% Unsecured, Subordinated, Redeemable, Non-Convertible Debentures (A)

	As at March 31, 2016	As at March 31, 2015
	100,000,000	-
	1,405,297,880	1,237,208,411
	1,208,188,986	753,214,594
	2,613,486,866	1,990,423,005
	1,660,451,817	1,196,171,988
	953,035,049	794,251,017
	1,053,035,049	794,251,017

(ii) Term Loans

(i) From Banks - Secured

(ii) From Others - Secured

Less: Current maturities of Long Term Loan transferred to (B)

(A) + (B)

Notes-

a) The Company has issued 100 Nos of 15% Unsecured, Subordinated, Redeemable, Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakh only) amounting to Rs. 10,00,00,000/- (Rupees Ten Crores only).

Details of the Debentures are as under:

Coupon rate	Maturity Date	Debtenture Details		As at 31 March 2016 Rs in Lakhs	As at 31 March 2015 Rs in Lakhs	Options Available	Date of Redemption if option is exercised
		Nos	Face Value				
15%	Monday, March 29, 2021	100	1,000,000	1000.00	-	Not Applicable	Not Applicable
1000.00							

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

c) Details of Long term Borrowings:

Rate of Interest	Maturity	Installment	Amount outstanding	
			Long Term	Current Maturity
Base Rate + Spread (2.5% to 5.00%)	< 1 year	269	-	1,660,451,817
	1 - 2 years	155	779,215,553	-
	2 - 3 years	44	173,819,496	-
	3 - 4 years	-	-	-
	>4 years	1	100,000,000	-

4. LONG TERM PROVISIONS

Provision for Standard Receivables under financing activity

Provision for Loan to Staff

23,436,156	19,612,789
9,127	1,332
23,445,283	19,614,121



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2016

Amount In Rs.

	As at March 31, 2016	As at March 31, 2015
5. SHORT TERM BORROWINGS		
Loans repayable on demand		
<u>From Banks - Cash Credit facility - Secured</u>		
State Bank of India, Chennai (Secured by hypothecation of Receivables under Financing activity created out of the Cash Credit facility)	68,659,833	95,691,944
	<u>68,659,833</u>	<u>95,691,944</u>
6. OTHER CURRENT LIABILITIES		
Current maturities of Term Loans from Banks	1,660,451,817	1,196,171,988
Dues to:		
Employees	191,459	72,952
Statutory Authorities	5,897,493	2,524,778
Others	9,147,972	7,340,377
	<u>1,675,688,741</u>	<u>1,206,110,095</u>
7. SHORT TERM PROVISIONS		
(a) Provision for Employee benefits		
Provision for Gratuity	111,611	1,569,904
Provision for Bonus	5,446,070	3,192,690
(b) Others		
Provision for Non Performing Receivables under Financing activity	2,993,555	770,732
Provision for Taxation	51,825,991	17,475,991
Provision for Loan to staff	40,069	25,619
	<u>60,417,296</u>	<u>23,034,936</u>

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



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2016

Amount in Rs.

Description	Gross Block				Depreciation			Net Carrying Value		
	As at 01.04.2015	Additions	Deletions	As at 31.03.2016	Upto 01.04.2015	For the period ended 31.03.2016	Withdrawn	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
Tangible Assets										
Furniture and Fixtures	1,017,115	1,705,104	-	2,722,219	731,059	830,520	-	1,561,579	1,160,640	286,056
Vehicles	58,568	-	-	58,568	18,810	5,583	-	24,393	34,175	39,758
Office Equipment	981,894	524,945	-	1,506,839	647,836	200,347	-	848,183	658,656	334,058
Computers	4,762,086	5,691,313	-	10,453,399	3,180,168	1,829,724	-	5,009,892	5,443,507	1,581,918
Previous Year	6,819,663	7,921,362	-	14,741,025	4,577,873	2,866,174	-	7,444,047	7,296,978	2,241,790
	5,086,534	1,733,129	-	6,819,663	3,236,747	1,341,127	-	4,577,874	2,241,789	1,849,787
Intangible Assets										
Computer Software	12,531,625	1,438,540	-	13,970,165	7,804,730	2,332,244	-	10,136,974	3,833,191	4,726,895
Previous Year	12,531,625	1,438,540	-	13,970,165	7,804,730	2,332,244	-	10,136,974	3,833,191	4,726,895
	7,116,733	5,414,892	-	12,531,625	5,250,196	2,554,533	-	7,804,730	4,726,895	1,866,536
Grand Total	19,351,288	9,359,902	-	28,711,190	12,382,603	5,198,417	-	17,581,020	11,130,169	6,968,685
Capital Work In Progress	2,850,319	8,778,211	-	11,628,530	-	-	525,000	-	11,103,530	2,850,319
Previous Year	22,201,607	18,138,113	-	40,339,720	12,382,603	5,198,417	525,000	17,581,020	22,233,699	9,819,004
	12,203,267	9,998,340	-	22,201,607	8,486,943	3,895,661	-	12,382,603	9,819,004	3,716,324

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.24 on depreciation).

2. Capital work in progress includes all costs incurred for implementation of Microsoft Dynamics NAV 2013 software until the balance sheet date, which will be capitalized on completion of the Project.



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2016

	As at March 31,2016	As at March 31,2015
9. DEFERRED TAX ASSETS (NET)		
Deferred Tax Asset		
Provision for Receivables under Financing activity	8,754,602	6,622,061
Fee paid for increase of Authorised capital	-	32,445
Interest disallowable U/S 43B	1,367,430	678,977
On account of Fixed Assets	971,514	132,168
	<u>11,093,546</u>	<u>7,465,651</u>
Deferred Tax Liability	-	-
Net Deferred Tax Asset	<u>11,093,546</u>	<u>7,465,651</u>
Movement in Deferred Tax Asset	3,627,894	2,644,458
10. RECEIVABLES UNDER FINANCING ACTIVITY		
<u>Unsecured - Long term</u>		
Micro Finance Loans:		
Long term maturities of Receivables under Financing Activity transferred from Receivables under Financing Activity	677,024,241	406,386,750
	<u>677,024,241</u>	<u>406,386,750</u>
11. LONG-TERM LOANS AND ADVANCES		
Unsecured, Considered good unless otherwise stated		
Other Loans and Advances	1,209,590	290,134
TDS Receivable and Advance Tax	49,105,375	16,211,315
	<u>50,314,965</u>	<u>16,501,449</u>
12. OTHER NON CURRENT ASSETS		
Ear-marked Bank Balances transferred from Current Assets (Cash Collateral towards assignment of receivables)	132,375,000	121,375,000
	<u>132,375,000</u>	<u>121,375,000</u>
13. RECEIVABLES UNDER FINANCING ACTIVITY		
<u>Unsecured - Short term</u>		
Micro Finance Loans	2,642,971,098	2,038,352,123
<u>Note:</u>		
1. The above Micro Finance Loans have been granted under SHG/JLG Scheme to the women organised in SHG/JLG.		
2. <u>Of the above:</u>		
- Considered Good	2,638,530,276	2,037,567,391
- Non Performing Receivables under Financing activity as per Company's Provisioning Norms	4,440,822	784,732
3. Loss assets - Receivables under Financing activity as per Company's Provisioning Norms	-	-
Less: Long term maturities of Receivables under Financing Activity transferred to Receivables under Financing Activity	677,024,241	406,386,750
Less: Loss assets - Receivables under Financing activity as above transferred to Provisions and Write offs	-	-
	<u>1,965,946,857</u>	<u>1,631,965,373</u>



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2016

	As at March 31,2016	As at March 31,2015
14. CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on Hand	354,713	3,644,802
Balances with Scheduled Banks:		
- In Current Accounts	130,629,367	130,384,491
- In Short-term Deposit Accounts	25,500,000	30,000,000
	<u>156,484,080</u>	<u>164,029,293</u>
Other Deposit Balances (Ear-marked)		
- In Deposit Accounts	336,504,129	207,375,000
Less: Transferred to other Non Current assets	132,375,000	121,375,000
	<u>360,613,209</u>	<u>250,029,293</u>
15. SHORT-TERM LOANS AND ADVANCES		
Unsecured, Considered good unless otherwise stated		
Other Loans and Advances		
Advance to Staff	-	40,284
Loan to Staff	4,006,885	2,561,885
Other Advances	15,478,412	2,688,927
Rent Deposits	2,264,500	2,992,929
Service Tax Recoverable	1,360,252	157,443
	<u>23,110,049</u>	<u>8,441,468</u>
16. OTHER CURRENT ASSETS		
Considered Good		
Interest accrued but not due		
- on Loans to Borrowers	15,693,547	13,764,246
- on Deposit	21,870,185	10,921,736
	<u>37,563,732</u>	<u>24,685,982</u>



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2016

	Year ended March 31, 2016	Year ended March 31, 2015
17. INCOME FROM OPERATIONS		
(a) Interest	526,535,420	328,830,275
(b) Other Financial Services		
- Processing fees	31,121,240	22,855,770
(c) Recovery of Bad debts	79,548	186,088
	557,736,208	351,872,133
18. OTHER INCOME		
(a) <u>Interest:</u>		
Interest on Deposits	22,424,897	12,175,306
Other Interests	528,739	731,556
(b) <u>Others:</u>		
Other non-operating income	2	2
	22,953,638	12,906,864
19. FINANCE COSTS		
Interest on Loans:		
- Term Loans-Banks	142,175,472	93,139,828
- Cash Credit facility	4,344,248	6,718,373
- Term Loans-NBFC	141,692,934	65,486,000
Interest on NCD	82,192	-
Loan Processing Fees	19,279,756	15,313,220
Bank charges	644,473	361,642
Loan Documentation & Inspection charges	297,480	185,598
	308,516,555	181,204,661
20. EMPLOYEE COSTS		
Salaries, Wages and Bonus	113,381,734	89,786,158
Contribution to Provident and Other Funds	6,049,795	6,604,331
Staff Welfare expenses	3,826,035	1,389,157
	123,257,564	97,779,646
21. OTHER OPERATING EXPENSES		
Rent	6,291,667	5,278,790
Electricity charges	821,971	548,464
Rates and Taxes	198,766	984,128
Insurance	1,002,638	1,079,700
Repairs and Maintenance	4,350,532	2,137,829
Travelling & Conveyance*	6,691,287	4,753,415
Communication expenses	1,816,044	1,405,509
Printing & Stationery	5,343,605	3,431,512
Postage & Courier	395,403	321,873
Business Promotion expenses	3,612,759	2,638,460
Legal & Professional charges	12,572,135	3,462,631
Other expenses	1,859,222	1,628,784
Auditor's Remuneration**:		
- Statutory Audit	730,000	675,000
- Tax Audit	150,000	125,000
For Management Services		
- Certification fees	29,500	49,440
For reimbursement of expenses	-	-
** excluding Service tax		
	45,865,529	28,520,535

*Travelling expense includes foreign travel of Rs 2,18,781



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes Forming Part of the Financial Statements for the year ended March 31, 2016

22. PROVISIONS AND WRITE-OFFS

Provision for Standard Receivables under Financing Activity (Net)	6,046,190	8,047,365
Provision for Loan to staff	22,245	25,951
	6,068,435	8,074,316

23. EARNINGS (LOSS) PER SHARE

Profit after tax	61,061,240	29,989,294
Weighted average number of equity shares	14,357,680	14,357,680
Earning per Share (Rs.)		
- Basic	4.25	2.09
- Diluted	4.25	2.09
- Face Value per share (Rs.)	10	10



24. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

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

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

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

2. Use of Estimates

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

3. Revenue Recognition

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



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2016

4. Fixed Assets and Depreciation

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

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

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

5. Receivables under Financing activity

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

The company has a system of getting confirmation of balances from its borrowers periodically-twice in a year

6. Taxes on income

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

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

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



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2016

7. Retirement and other Employee Benefits

i. Defined Contribution Plan:

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

ii. Defined Benefit Plan:

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

8. Provisions, Contingent Liabilities and Contingent Assets

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

9. Processing Fees – loans from banks

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

10. Classification & Provisioning of Loan Portfolio:

The Reserve Bank of India (RBI) in circular No.DNBS.CC.PD.No.250/03.10.01/2011-12 dated December 2 ,2011 and subsequent modification issued vide Master Circular DNBR(PD) CC.No.047/03.10.119/2015-16 dated July 1,2015 as may be amended by RBI from time to time, specifying norms for the classification and provisioning of assets. These norms are mandatory for all NBFC – MFIs effective April 01, 2012. The Company started following these classification and provisioning norms with effect from 1st April 2011 and is consistently following the same.

Asset Classification Norms:

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



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2016

Provisioning Norms:

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

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

OR

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

and

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

(A) or (B) whichever is higher

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

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

OR

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

and

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

(A) or (B) whichever is higher



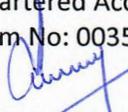
BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2016

11. Service Tax Input Credit

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

As per our report of even date attached

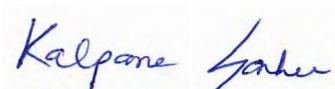
For **N. Sankaran & Co.**
Chartered Accountants
Firm No: 003590S


L. Pattabhiraman
Partner
M.No.022023



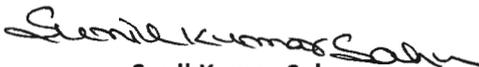
Place: Chennai
Date: 27.06.2016

For and on behalf of the **Board**


Dr. Kalpana Sankar
Managing Director


Dr. N. Jeyaseelan
Director


P S Vijayalakshmi
Chief Financial Officer


Sunil Kumar Sahu
Company Secretary

BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2016

25. OTHER NOTES TO ACCOUNTS

1. Managerial Remuneration

Amount in Rs.

Name of the Director	Total Remuneration for the Year ended	
	March 31, 2016	March 31, 2015
Dr. Kalpana Sankar, Managing Director	4,841,600	3,931,500
Mr. L. Muralidharan, Director	1,314,600	-
TOTAL	6,156,200	3,931,500

Notes:

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

2. Micro Enterprises and Small Enterprises

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

3. Expenditure in Foreign Currency

The total foreign travel expenditure for the FY 2015-16 is Rs.218,781/- (PY. Rs.149,550)

4. Computer Software

The Company is in the process of implementation of Microsoft Dynamics NAV 2013 software to support the operational and financial requirements for which capital advance of Rs.111.04 Lakhs (PY Rs.28.50 Lakhs) has been paid as on the date of the Balance sheet.

5. Segment Information

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



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2016

6. Gratuity

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

Particulars	For the Year ended March 31, 2016	For the Year ended March 31, 2015
Projected Benefit Obligation at the beginning of the Year / Period	5,028,068	2,334,984
Service Cost	1,254,550	770,806
Interest Cost	391,699	212,191
Actuarial (Gains) /Losses	-	1,716,510
Benefits Paid / Charges deducted	(12,577)	(6,423)
Projected Benefit Obligation at the end of the Year / Period	6,224,490	5,028,068
Change in Plan Assets		
Fair value of plan assets as at the beginning of the period	3,458,164	2,153,771
Expected Returns on Plan Assets at the Beginning of the Year / Period	411,975	234,728
Employer's Contribution	2,251,238	1,064,081
Benefits Paid / Charges deducted	(12,577)	(6,423)
Actuarial Gains /(Losses)	4,080	12,008
Fair Value on Plan Assets at the end of the Year / Period	6,112,880	3,458,164
Cost of the defined Benefit Plan for the Year / Period		
Current Service Cost	1,254,550	770,806
Interest on Obligation	391,699	212,191
Expected Return on Plan Assets	(411,975)	(234,728)
Net Actuarial (Gains) /Losses recognized in the Year End / Period	(441,330)	1,704,502
Net Cost Recognized in the Profit and Loss account	792,944	2,452,771
Assumptions		
Discount Rates	7.80%	7.80%
Future Salary Increase	6.00%	6.00%
Expected Rate Of Return on Plan Assets	9.00%	9.00%

Note:

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



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2016

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

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

Nature of Relationship	Name of the Party	
	For the Year ended March 31, 2016	For the Year ended March 31, 2015
Key Management Personnel	Dr. Mrs. Kalpana Sankar	Dr. Mrs. Kalpana Sankar
Relative of Key Management Personnel	Ms. D. Bindhu (sister of Dr. Mrs. Kalpana Sankar) Ms. Kamini Dhandapani (sister of Dr. Mrs. Kalpana Sankar)	Ms. D. Bindhu (sister of Dr. Mrs. Kalpana Sankar) Ms. Kamini Dhandapani (sister of Dr. Mrs. Kalpana Sankar)
Entities Holding Substantial Interest	Sarvam Mutual Benefit Trust, Kancheepuram	Sarvam Mutual Benefit Trust, Kancheepuram
Entities where Company has Control	-	-
Entities where Key Management Personnel are interested	<u>Dr. Mrs. Kalpana Sankar</u> 1. Hand in Hand Consulting Services P.Ltd - Director 2. Hand in Hand Inclusive Development & Services - Chairperson 3. Hand in Hand India – Chair Person & Managing Trustee 4. Socio Economic and Educational Development Trust – Chairperson 5. Sarvam Mutual Benefit Trust, Kancheepuram-Trustee	<u>Dr. Mrs. Kalpana Sankar</u> 1. Hand in Hand Consulting Services P.Ltd - Director 2. Hand in Hand Inclusive Development & Services - Chairperson 3. Hand in Hand India – Chair Person & Managing Trustee 4. Socio Economic and Educational Development Trust - Chairperson

Note:

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

Transactions with Related Parties

Transaction	Related Party	Amount in Rs.	
		For the Year ended March 31, 2016	For the Year ended March 31, 2015
Reimbursement of Expenses	Hand in Hand India ▪ Total debits ▪ Total credits	536,939 5,000	436,463 5,000
Staff Training expenses	Hand in Hand Consulting Services Private Limited ▪ Total debits	2,000,000	NIL



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2016

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

Amount in Rs.

Asset Classification	Loans Outstanding as at March 31, 2016 (Gross)	Provisions for Assets as at March 31, 2016	Loans Outstanding as at March 31, 2016 (Net)
Standard Assets	2,638,530,276	23,436,156	2,615,094,120
Non Performing Assets	4,440,822	2,993,555	1,447,267
Total	2,642,971,098	26,429,711	2,616,541,387

Changes in Provisions

Amount in Rs.

Particulars	As at April 01, 2015	Additional Provision	Utilization / Reversal	As at March 31, 2016
Provision for Standard Assets Receivables under Financing Activity	19,612,789	3,823,367	-	23,436,156
Provision for Non-performing Receivables under Financing Activity	770,732	2,222,823	-	2,993,555
Total	20,383,521	6,046,190	-	26,429,711

9. Disclosure of Capital adequacy and Liquidity

The Company is not a systemically Important Non-deposit taking NBFC (ND-NBFC) as at 31st March 2016. 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 D NBS.193 DG (VL) – 2007 dated 22 February 2007:

S. No	Particulars	As at March 31, 2016	
		Amount Outstanding in Rs.	Amount Over Due in Rs.
	Liabilities:		
(1)	Loans and advances availed by the NBFC inclusive of interest accrued there on not paid:		
(a)	Debentures		
	-Secured	Nil	Nil
	-Unsecured	100,000,000	Nil
	(Other than falling within the meaning of Public deposits)		
(b)	Deferred Credits	Nil	Nil



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2016

(c)	Term Loans	2,613,486,866	Nil
(d)	Inter-Corporate Loans and Borrowings	Nil	Nil
(e)	Commercial Paper	Nil	Nil
(f)	Other Loans (Nature of other Loans, CC etc.)	68,659,833	Nil
		2,782,146,699	Nil

S. No	Particulars	Amount Outstanding as On March 31, 2016 (in Rs.)	
	Assets		
(2)	Breakup of Loans and Advances including Bills Receivables [Other than those included in (3) below]:		
(a)	Secured		Nil
(b)	Unsecured (including Interest accrued Rs. 156,93,547 and Other Loans Rs. 49,19,575)	2,663,584,220	
(3)	Break up of Leased Assets and Stock on Hire and other Assets counting towards AFC activities.		
(i)	Leased Assets including Leased Rentals Accrued and Due:		
	(a) Financial Lease		Nil
	(b) Operating Lease		Nil
(ii)	Stock on fire including Hire charges under Sundry Debtors:		
	(a) Assets on Hire		Nil
	(b) Repossessed Assets		Nil
(iii)	Other Loans counting towards AFC activities		
	(a) Loans where Assets have been Repossessed		Nil
	(b) Loans Other than (a) above		Nil
(4)	Breakup of investments		
	Current Investments		
I	Quoted:		
(i)	Shares: (a) Equity		Nil
	(b) Preference		Nil
(ii)	Debentures and Bonds		Nil
(iii)	Units of Mutual Fund		Nil
(iv)	Government Securities		Nil
(v)	Others (Please Specify)		Nil
II	Unquoted:		
(i)	Shares : (a) Equity		Nil
(ii)	(b) Preference		Nil
(iii)	Debentures and Bonds		Nil
(iv)	Units of Mutual Fund		Nil
(v)	Government Securities		Nil
	Others (Please Specify)		Nil
	Long Term Investments		
I	Quoted:		
(i)	Shares: (a) Equity		Nil
	(b) Preference		Nil



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2016

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

(5) Borrower Group-Wise classification of Assets financed as in (2) and (3) above				
S. No	Category	Net of provisions as at March 31, 2016 (Amount in Rs.)		
		Secured	Unsecured	Total
1	Related Parties	Nil	Nil	Nil
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the Same Group	Nil	Nil	Nil
	(c) Other Related Parties	Nil	Nil	Nil
2.	Other than Related Parties	Nil	2,642,971,098	2,642,971,098
	Total		2,642,971,098	2,642,971,098

(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	Nil	Nil
(a)	Subsidiaries	Nil	Nil
(b)	Companies in the Same Group	Nil	Nil
(c)	Other Related Parties	Nil	Nil
2.	Other than Related Parties	Nil	Nil
	Total	Nil	Nil

(7)	Other Information		Amount outstanding as at March 31, 2016
(i)	Gross Non-Performing Assets	Related Parties	Nil
		Other than Related Parties	4,440,822
(ii)	Net Non-Performing Assets	Related Parties	Nil
		Other than Related Parties	1,447,267
(iii)	Assets Acquired in Satisfaction Debt	Related Parties	Nil
		Other than Related Parties	Nil



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2016

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

i. Capital Adequacy Ratio

Amount in Rs.

Particulars	As at March 31, 2016	As at March 31, 2015
Tier I Capital	382,714,798	324,633,490
Tier II Capital	123,485,352	19,612,789
Total Capital	506,200,150	344,246,279
Total Risk Weighted Assets	3,037,994,635	2,284,158,312
Capital Ratios		
Tier I Capital as a Percentage of Total Risk weighted Assets (%)	12.60%	14.21%
Tier II Capital as a Percentage of Total Risk weighted Assets (%)	4.06%	0.86%
Total Capital (%)	16.66%	15.07%

The Company is a non-Systemically Important Non-Deposit taking NBFC as the asset base is below Rs. 500 crores 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 7.24 as on the date of the Balance Sheet which is marginally above the prescribed ratio of 7. However, the management is taking steps to reduce the same by way of infusion of equity capital as referred in Note 1 on Share Capital.

ii. Exposure to Real Estate Sector both Direct and Indirect

Category	As at March 31, 2016	As at March 31, 2015
a) Direct Exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)	Nil	Nil
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	Nil	Nil
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential,	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2016

iii. Asset Liability Management

Maturity Pattern of Certain Items of Assets and Liabilities as at March 31, 2016

Rs in Lakhs

	Up to 1 Month	Over 1 Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Month to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5Years	Over 5 Years	Total
Liabilities									
Borrowing from Banks	1122.87	227.89	897.99	2453.64	3583.02	6454.16	-	-	14739.57
Market Borrowings	683.73	1018.62	931.99	2879.55	3055.23	3512.77	1000.00	-	13081.42
Total	1806.60	1246.51	1829.98	5333.19	6638.25	9966.93	1000.00	-	27821.46
Assets									
Receivables under Financing activity	3030.81	2089.26	1909.91	5058.39	7571.10	6770.24	-	-	26429.71
Loan to staff	4.78	3.95	3.77	10.29	17.27	9.14	-	-	49.20
Investment	725.00	387.50	-	375.21	580.00	1297.33	-	-	3365.04
Total	3758.71	2479.56	1912.68	5440.56	8165.42	8099.06	-	-	29843.95

10. 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 2015-16.

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

KEY RATIOS:		
I	Total Income from GLP (on Qualified Assets)	24.72
II	Effective Cost of Borrowing	15.43
	Margin	9.29

12. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account in respect of Microsoft Dynamics NAV 2013 software and not provided for Rs. 18.59 lacs.

13. Contingent Liabilities

There are no Contingent Liabilities and Contingent Assets as at 31st March 2016.

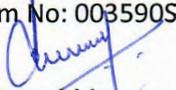


BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2016

14. MFI 2 rating was obtained from CARE during March 2016 which is valid for one year.
15. Previous year figures have been regrouped/reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

As per our report of even date attached

For **N. Sankaran & Co.**
Chartered Accountants
Firm No: 003590S


L. Pattabhiraman
Partner
M.No.022023



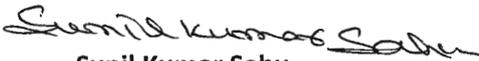
Place: Chennai
Date: 27.06.2016

For and on behalf of the Board


Dr. Kalpana Sankar
Managing Director


Dr. N. Jeyaseelan
Director


P S Vijayalakshmi
Chief Financial Officer


Sunil Kumar Sahu
Company Secretary