



MAGMA FINCORP LIMITED

Registered Office: "Magma House", 24, Park Street, Kolkata – 700 016

Phone: +91 33-4401 7200/350 • Fax: +91 33-4402 7731

CIN: L51504WB1978PLC031813 • Website: www.magma.co.in

Email: secretary@magma.co.in

NOTICE

To all the Members of the Company

Notice is hereby given that the Thirty Fifth (35th) Annual General Meeting of the Shareholders of Magma Fincorp Limited shall be held at Kala Kunj Auditorium, 48, Shakespeare Sarani, Kolkata – 700 017, West Bengal at 3.00 P.M. on Saturday, 1 August 2015 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt:
 - a. the Audited Financial Statements of the Company for the financial year ended 31 March 2015 including the Audited Balance Sheet as at 31 March 2015 and Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon; and
 - b. the Consolidated Audited Financial Statements of the Company for the financial year ended 31 March 2015 including the Audited Balance Sheet as at 31 March 2015 and Statement of Profit & Loss for the year ended on that date and the Report of the Auditors thereon.
2. To declare Dividend on Equity and Preference Shares for the year ended 31 March 2015.
3. To appoint a Director in place of Mr. Mayank Poddar (holding DIN 00009409) who retires by rotation and being eligible, seeks re-appointment.
4. To ratify the appointment of M/s. B S R & Co. LLP, Chartered Accountants having Registration No. 101248W/W-100022 of Bangalore, as Statutory Auditors of the Company from the conclusion of the 35th Annual General Meeting (2014-15) till the conclusion of the 36th Annual General Meeting (2015-16) of the Company and to authorize the Board of Directors to fix their remuneration on yearly basis and in this

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

"RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, appointment of M/s. B S R & Co. LLP, Chartered Accountants having Registration No. 101248W/W-100022 of Bangalore, as Statutory Auditors of the Company from the conclusion of the 35th Annual General Meeting (2014-15) till the conclusion of the 36th Annual General Meeting (2015-16) of the Company, be and is hereby ratified for the financial year 2015-16, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, based on the recommendation of the Audit Committee, plus applicable service tax and reimbursement of travelling and other incidental expenses to be incurred by them in the course of their audit."

SPECIAL BUSINESS

5. Appointment of Ms. Ritva Kaarina Laukkanen as Non-Executive Director of the Company and in this regard to consider and, if thought fit, to pass, with or without modification(s) the following Resolution as an **Ordinary Resolution:-**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable provisions of the Articles of Association of the Company and the Listing Agreement, Ms. Ritva Kaarina Laukkanen (holding DIN 06882930), who was appointed as an Additional Director of the Company with effect from 14 October 2014, by the Board of Directors, on the

recommendation of the Nomination and Remuneration Committee in terms of Section 161(1) of the Act and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing her candidature for the office of the Director, be and is hereby appointed as a Director of the Company who shall be liable to retirement by rotation.”

By Order of the Board of Directors
For **Magma Fincorp Limited**

Kailash Baheti
Company Secretary
ACS No. 5612
Address:
26, Prince Anwar Shah Road,
Flat 5C, Block- Tudor,
Kolkata- 700 033

Registered Office:
Magma House,
24 Park Street,
Kolkata-700016
Date : 21 May 2015

NOTES :

1. Explanatory statement pursuant to Section 102 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder with respect to Special Business set out in the Notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE ‘MEETING’) IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** THE INSTRUMENT APPOINTING THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT (48) HOURS BEFORE THE TIME FOR HOLDING THE MEETING.

Proxy/Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions / authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) members and holding in the aggregate not more than ten (10) per cent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than ten (10) percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. Only registered Members of the Company or any proxy appointed by such registered Member may attend and vote at the Meeting as provided under the provisions of the Companies Act, 2013. In case any shareholder has voted electronically, then he/she can participate in the Meeting but not vote.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 27 July 2015 to Saturday, 1 August 2015 (both days inclusive) for determining the name of Members eligible for dividend on equity shares if declared at the meeting.
5. Duly executed and stamped transfer deeds, along with the share certificates, should be submitted to the Company’s Registrar and Share Transfer Agents before the closure of the Register of Members for registration.
6. Corporate Members are requested to send a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013/ Power of Attorney authorizing their representative(s) to attend and vote on their behalf at the Meeting.
7. Dividend on Equity Shares, if declared at the Meeting will be paid to those members, whose names shall appear in the Company’s Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before the close of working hours of the Company as on Saturday, 25 July 2015. In respect of the shares held in Electronic Form, the Dividend will be paid to those persons whose names shall appear as beneficial owners as at the end of the business hours on Saturday, 25 July 2015 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
8. Dividends which remain unpaid / unclaimed over a period of seven years from the date of transfer to the unpaid dividend account will have to be transferred by the Company to Investor Education and Protection Fund of the Central Government under Section 205A and Section 205C of the Companies Act, 1956 as amended from time to time and/or relevant corresponding provisions of the Companies Act, 2013 once notified. Accordingly, all unpaid / unclaimed amounts in respect of dividends paid by the Company for the year ended 31 March 2008 have to be transferred to the said Fund

by 28 September 2015. Shareholders are requested to encash the dividend before the due date of transfer i.e., before 28 September 2015. Shareholders are advised to encash the unpaid Dividend Warrants for the year ended 31 March 2008 or any subsequent year, before transfer to the above referred Fund by writing a request to the Company Secretary, Magma Fincorp Limited, Secretarial Department, "Magma House", 7th Floor, 24, Park Street, Kolkata- 700 016. No claim will be entertained thereafter by the Company. The details of the dates on which dividend should be transferred to the aforesaid fund is given below :-

Financial Year	Date of Declaration	Due for Transfer
2007-2008	23 August 2008	28 September 2015
2008-2009	11 September 2009	17 October 2016
2009-2010	15 July 2010	20 August 2017
2010-2011	21 June 2011	27 July 2018
2011-2012	12 July 2012	17 August 2019
2012-2013	18 July 2013	23 August 2020
2013-2014	31 July 2014	5 September 2021

The Company has uploaded the information in respect of the unpaid and unclaimed dividend amounts lying with the Company, as on the date of the last Meeting held on 31 July 2014, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.magma.co.in.

9. The Shareholders of the Company at their 30th Annual General Meeting held on Thursday, 15 July 2010 approved the sub-division of the Equity Shares of the face value of ₹ 10/- each fully paid-up into 5 (five) Equity Shares of the face value of ₹ 2/- each fully paid-up. Accordingly, the Company had fixed Monday, 16 August 2010 as the Record Date to determine the shareholders eligible to receive the sub-divided Equity Shares and the holders of physical shares were advised through several shareholders communications to surrender the old share certificate of the face value of ₹ 10/- to receive the share certificate of the face value of ₹ 2/-. The shareholders who have not yet surrendered the old share certificate, are again requested to claim new sub-divided Equity Shares of the face value of ₹ 2/- each by surrendering the old shares of the face value of ₹ 10/- each immediately at Registered Office of the Company.
10. Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/MRD/DP/10/2013 dated 21 March 2013,

has mandated usage of electronic mode for making cash payments such as dividend etc. to the investors of Companies whose securities are listed on the Stock Exchanges. Payment of dividend through electronic mode is beneficial to the Members since the risks associated with receiving payment through dividend warrants such as loss in transit/ misplacement/ revalidation etc. can be easily mitigated.

Therefore, Members are advised to avail National Electronic Clearing Service (NECS) facility whereby the dividend will be directly credited electronically to their respective Bank Accounts. Members holding the Company's shares in dematerialized mode are requested to provide NECS particulars to their respective Depository Participants, if they have not done so already. Members holding the Company's shares in physical form who have not opted for NECS are requested to provide their NECS particulars in the enclosed 'NECS Mandate Form' and forward the same duly filled in and signed to the Company's Registrar and Share Transfer Agent (RTA) i.e. M/s. Niche Technologies Private Limited, D-511, Bagree Market, 5th Floor, 71, B. R. B. Basu Road, Kolkata – 700 001 at nichetechpl@nichetechpl.com, at the earliest to avail this facility.

11. Members holding shares in physical form are requested to intimate change in their registered address or bank particulars, mentioning full address in block letters with Pin code of the Post Office, mandate, bank particulars and Permanent Account Number (PAN) to the Company's RTA and in case of members holding their shares in electronic form, this information should be given to their Depository Participants immediately.
12. Members holding shares in physical form and wishing to make / change a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013 may submit the prescribed particulars in Form No. SH-13 (Nomination Form) or SH-14 (Cancellation or Variation of Nomination), to the Company.
13. The Company has entered into necessary arrangement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable the Shareholders to dematerialize their shareholding in the Company for which they may contact the Depository Participant of either of the above Depositories.

14. Electronic copy of the Annual Report, Notice of the Meeting of the Company inter-alia indicating the process and manner of remote e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the Meeting of the Company inter alia indicating the process and manner of remote e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
15. In view of Go Green initiative being undertaken by the Company, Members who have not yet registered their e-mail address so far are requested to register/update their e-mail addresses with the Company's RTA or with the Company at secretary@magma.co.in. Shareholders holding shares in dematerialized form are requested to register their e-mail addresses and changes therein with the concerned Depositories through their Depository Participant.
16. Members are requested to bring their copy of Annual Report to the Meeting. A member desirous of getting any information with regard to Accounts of the Company is requested to send the queries to the Company at least 10 days before the meeting to the Company Secretary at the Registered Office of the Company.
17. Members are requested to mention their Folio Number/ Client ID/DP ID Number (in case of shares held in dematerialized form) in all their correspondence with the Company / Depository Participant in order to facilitate response to their queries promptly.
18. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature recorded with the Company/Depository Participant for admission at the entrance to the place of the meeting.
19. Members who are holding shares of the Company in physical form through multiple folios in identical order of names are requested to write to the Company, enclosing their share certificates, to enable the Company to consolidate their holdings in one folio.
20. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
21. Members are requested to contact the Company's RTA for reply to their queries/redressal of complaints, if any, or contact Ms. Shabnum Zaman, Deputy Company Secretary at the Registered Office of the Company (Phone: +91 33 4402 7736; Email: shabnum.zaman@magma.co.in).
22. As per the requirement of Clause 49 of the Listing Agreement on Corporate Governance for appointment/re-appointment of the Director, a statement containing details of the concerned Directors is given below :

Details of Director Seeking Re-Appointment/Appointment at the Annual General Meeting

Name	Mr. Mayank Poddar	Ms. Ritva Kaarina Laukkanen
Date of Birth	12 November 1953	25 September 1954
DIN	00009409	06882930
Age	61	60
Date of Appointment	18 December 1978	14 October 2014
Qualification	● Bachelor of Commerce	● Bachelor of Science. Concentrated on Accounting and Computer Science. ● Master of Science. Majored in Finance and Managerial Economics. ● Sloan Fellowship Executive Program (now called Executive MBA). Focus on General Management. ● Executive Development Program(6 Weeks).

Name	Mr. Mayank Poddar	Ms. Ritva Kaarina Laukkanen
Expertise in specific functional area	More than 30 years of experience in Finance business. Contributes in policy formulation and provides overall support and guidance to the Board and management.	Senior financier with over 30 years of experience in international investment and financial markets with focus on emerging markets and development finance.
List of outside *Directorships held excluding Alternate Directorship.	<ul style="list-style-type: none"> ● Magma HDI General Insurance Company Limited ● Magma ITL Finance Limited ● Magma Housing Finance (A Public Company with Unlimited Liability) ● Magma Advisory Services Limited ● Fluence Advisory Services Limited ● Jaguar Advisory Services Private Limited ● Celica Developers Private Limited ● Microfirm Capital Private Limited (Formerly Microfirm Softwares Private Limited) ● Smitkriti Enterprises Private Limited 	Nil
Membership/Chairmanship of ** Committees of the Board of Directors of the Company	Member of the Audit Committee and Stakeholders' Relationship Committee.	Nil
Chairman/Member of the **Committee of the Board of Directors of other Companies in which he/she is a Director	Nil	Nil
Number of shares held in the Company	Nil	Nil

* Excludes Directorships in Foreign Companies and Companies under Section 8 of the Companies Act, 2013.

** Includes only Audit Committee and Stakeholders' Relationship Committee.

23. Members may note that the Notice of the Meeting will be available on the Company's website www.magma.co.in. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 read with Rules issued thereunder will be available for inspection by the members at the Meeting.

24. The relevant documents referred to in this Notice and Explanatory Statement are open for inspection at the Meeting and such documents will also be available for inspection in physical or in electronic form at the registered office and copies thereof shall also be available for inspection in physical or electronic form

at the registered office from the date of dispatch of the Notice till the date of the Meeting on all working days, except Saturdays, from 10:00 A.M to 12:00 Noon.

25. **Voting through electronic means:**

i. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 w.e.f. 19 March 2015 and Clause 35B of the Equity Listing Agreement, the Company is pleased to provide to the members, the facility of voting by electronic means in respect of business to be transacted at the Meeting which includes the facility of casting the votes by the

Members using an electronic voting system from a place other than venue of the Meeting (“remote e-voting”) and the same will be provided by National Securities Depository Limited (NSDL).

- ii. The facility of voting through ballot or polling paper shall also be made available for the members at the Meeting who have not been able to vote electronically and who are attending the Meeting. The members who have cast their vote electronically would be entitled to attend the Meeting but would not be permitted to cast their vote again at the Meeting. The facility to vote by electronic voting system will not be provided at the Meeting.
- iii. The remote e-voting period commences on Wednesday, 29 July 2015 (9.00 A.M. IST) and ends on Friday, 31 July 2015 (5.00 P.M. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the close of working hours on Saturday, 25 July 2015 (‘Cut-off date’) may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting on Friday, 31 July 2015 after 5.00 P.M. IST. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently.

Process and Manner for Members Opting for Remote E-Voting

The instructions for remote e-voting are as under:

- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):
 - i. Open the e-mail and also open PDF file namely “Magma e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.
 - ii. Open the internet browser and type the following URL: <https://www.evoting.nsd.com>.
- iii. Click on Shareholder – Login.
- iv. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password.
- v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
- vii. Once the remote e-voting home page opens, click on remote e-voting> Active Voting Cycles.
- viii. Select “EVEN” (Remote E-voting Event Number) of Magma Fincorp Limited. Now you are ready for remote e-voting as Cast Vote page opens.
- ix. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- x. Upon confirmation, the message “Vote cast successfully” will be displayed.
- xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
- xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG format) of the relevant Board Resolution/Authority letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to nivedita@vinodkothari.com with a copy marked to evoting@nsdl.co.in and secretary@magma.co.in.

xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and remote e-voting user manual - Shareholders, available at the downloads section of www.evoting.nsdl.com.

xiv. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 25 July 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

B. In case a Member receives physical copy of the Notice of Annual General Meeting (for Members whose email addresses are not registered with the Company/ Depositories):

i. Initial password is provided in the enclosed attendance slip: EVEN (Remote E-voting Event Number), user ID and password.

ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast vote.

C. Other Instructions:

i. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on Cut-off Date.

Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares

either in physical form or in dematerialized form, as on the closing working hours of Cut-off Date and not casting their vote electronically, may cast their vote at the Meeting.

ii. M/s. Vinod Kothari & Company, Practising Company Secretaries, Kolkata, who have consented to act as the scrutinizer and are available for the purpose of ascertaining the requisite majority, have been appointed as the scrutinizer to scrutinize the remote e-voting process/ballot/poll in a fair and transparent manner.

iii. The Chairman shall, at the Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot or polling paper for all those Members who are present at the Meeting but have not cast their votes by availing the remote e-voting facility.

iv. Scrutinizer shall, immediately after the conclusion of the Meeting will first count the votes cast at the Meeting and thereafter unblock the votes in the presence of at least two witnesses not in the employment of the Company and within a period not exceeding 48 hours from the conclusion of the Meeting make a consolidated scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman of the Company or any other person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

v. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.magma.co.in and on the website of NSDL www.evoting.nsdl.com immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to BSE Limited and National Stock Exchange of India Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5

The Board of Directors of the Company had appointed Ms. Ritva Kaarina Laukkanen as an Additional Director of the Company with effect from 14 October 2014. The Additional Director holds office only until the ensuing Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ('Act') but is eligible for appointment as Director. The Company has received a notice under Section 160(1) of the said Act from a Member along with requisite deposit signifying his intention to propose Ms. Laukkanen's appointment as a Director of the Company.

Ms. Laukkanen, is a senior financier and has over 30 years of experience in international investment and financial markets with focus on emerging markets and development finance. At present she is the Chairman of the Board of Finnfund, the Finnish Government Owned Development Finance Company,

Director of the Board [representing International Finance Corporation] of Acleda Bank Pic, Cambodia, an SME bank operating in Cambodia/Laos/Myanmar, Partner of Sagacitas Finance Partners Ltd., a Helsinki based consulting company providing advice on international finance, Pro bono work primarily with EM focused non-profit organization.

The Board considers that the expertise of Ms. Laukkanen should continue to remain available to the Company and therefore, recommends the Ordinary Resolution set out at item no. 5 of the Notice for your approval. Ms. Laukkanen 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. Mr. Laukkanen along with her relatives do not hold any shares in the Company.

Except Ms. Laukkanen none of the other Directors and Key Managerial Personnel of your Company or their relatives are, in any way, concerned or interested financially or otherwise in the said resolution.

By Order of the Board of Directors
For **Magma Fincorp Limited**

Kailash Baheti
Company Secretary
ACS No. 5612

Address:
26, Prince Anwar Shah Road,
Flat 5C, Block- Tudor,
Kolkata- 700 033

Registered Office:
Magma House,
24 Park Street,
Kolkata-700016
Date : 21 May 2015



MAGMA FINCORP LIMITED

Registered Office : "Magma House", 24, Park Street, Kolkata – 700 016

Phone : +91 33-44017200/350 • Fax : +91 33-44027731

CIN : L51504WB1978PLC031813 • Website : www.magma.co.in

Email: secretary@magma.co.in

ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING

DATE : 1 AUGUST 2015

TIME : 3:00 P.M.

VENUE : KALA KUNJ AUDITORIUM, 48, SHAKESPEARE SARANI, KOLKATA – 700 017

Envelope No. :

Name and Registered address :
of Sole / first named member

Name(s) of Joint Holders, if any :

Ledger Folio / DP ID & Client ID No. :

Number of Shares held :

Please tick in the box Member Proxy

Member's Signature

Name of the Proxy in Block Letter

Proxy's Signature

Note : Shareholder / Proxyholder wishing to attend the meeting must bring this Attendance Slip to the meeting and hand over at the entrance duly signed.

ELECTRONIC VOTING PARTICULARS

EVEN (Remote E-Voting Event Number)	User ID	Password / PIN

Note : Please read the notes / instructions printed on the Notice carefully before exercising your vote.



MAGMA FINCORP LIMITED

Registered Office : "Magma House", 24, Park Street, Kolkata – 700 016.
 Phone : 033-44017200/350 • Fax : 033-44027731
 CIN : L51504WB1978PLC031813 • Website : www.magma.co.in
 Email: secretary@magma.co.in

Form No. MGT-11

PROXY FORM

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

CIN : L51504WB1978PLC031813
 Name of the Company : Magma Fincorp Limited
 Registered office : "Magma House", 24, Park Street, Kolkata-700 016
 Name of the member(s) :
 Registered address :
 E-mail ID :
 Folio No. / DP ID / Client ID* :

I / We, being the member(s) of shares of Magma Fincorp Limited, 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 ballot or polling paper) for me / us and on my / our behalf at the Annual General Meeting of the Members of the Company, to be held on the Saturday, 1 August 2015 at 3.00 P.M. at Kala Kunj Auditorium, 48, Shakespeare Sarani, Kolkata – 700 017, West Bengal and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution Number	Resolution	Vote (Please mention No. of shares)		
		For	Against	Abstain
Ordinary Business				
1.	To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended 31 March 2015 and the Reports of the Board of Directors and Auditors thereon.			
2.	To declare Dividend on Equity and Preference Shares for the financial year ended 31 March 2015.			
3.	To appoint a Director in place of Mr. Mayank Poddar (holding DIN 00009409) who retires by rotation and being eligible, seeks reappointment.			
4.	To ratify appointment of M/s. B S R & Co. LLP, Chartered Accountants having Registration No. 101248W/W-100022 of Bangalore, as Statutory Auditors of the Company from the conclusion of the 35th AGM (2014-15) till the conclusion of the 36th AGM (2015-16) of the Company and to authorize the Board of Directors to fix their remuneration on yearly basis.			
Special Business				
5.	Appointment of Ms. Ritva Kaarina Laukkanen as Non-Executive Director of the Company.			

Signed thisday of.....2015

Signature of Shareholder

Signature of Proxy holder(s)



Note : This form of Proxy in order to be effective should be duly submitted and deposited at the Registered Office of the Company, not less than (48) forty-eight hours before the commencement of the meeting.

*** Applicable for Members holding shares in Electronic Form**

MAGMA FINCORP LIMITED

CIN : L51504WB1978PLC031813, Registered Office : "MAGMA HOUSE", 24, Park Street,
Kolkata - 700 016, Website : www.magma.co.in, Phone No.: 91 33 4401 7350/7200
Email: secretary@magma.co.in

21 May 2015

Dear Shareholders,

Submission of PAN details

We request you to submit details of your **Income Tax Permanent Account Number (PAN)** as in terms of directive of Securities and Exchange Board of India, submission of these details by every participant in the Securities / Capital Market has become mandatory.

Kindly return the slip appended below, duly filled in and signed with self-attested copies of PAN cards of all holders including jointholders, to the Company or the RTA. If you are holding shares in electronic form, please furnish these details to your Depository Participant.

In case you have already submitted the PAN details, kindly ignore this letter.

For MAGMA FINCORP LIMITED

Kailash Baheti

Company Secretary

ACS No. 5612

Address:

26, Prince Anwar Shah Road,

Flat 5C, Block- Tudor,

Kolkata- 700 033

Name :

Address :

.....

To

Niche Technologies Private Limited

Unit : Magma Fincorp Limited

D-511, Bagree Market, 5th Floor

71, B. R. B. Basu Road

Kolkata – 700 001.

We give below the PAN details together with self-attested photocopies of the PAN card. Kindly record the same against my/our names.

Folio No..... Tel No. :.....

E-mail :

Name of the Shareholder	PAN	* Signature

* In case of account holder(s) other than individuals, kindly submit an attested copy of the required authorization alongwith the specimen signatures of the authorized signatories.



Niche Technologies Private Limited

Unit : **Magma Fincorp Limited**

D-511, Bagree Market, 5th Floor

71, B. R. B. Basu Road

Kolkata – 700 001.

Re. : Payment of Dividend through NECS

I wish to participate in the National Electronic Clearing Service (NECS) introduced by the Reserve Bank of India.

I do not wish to participate in the NECS. However, kindly print the bank particulars given below on the Dividend Warrant being issued to me.

1. Registered Folio No. :
2. Shareholder' s Name :
3. Shareholder's Address :
4. Income Tax Permanent Account Number (PAN) : 10 digits (PAN should be latest and correct) :
5. Particulars of Bank :
 - a. Name of the Bank :
 - b. Branch Name and Address :
 - *c. 9 digit Code Number of the Bank and Branch as appearing on the MICR cheque issued by the Bank (Please attach photocopy of a cheque or a cancelled blank cheque issued by your bank for verifying the accuracy of the code number)
:

--	--	--	--	--	--	--	--	--	--
 - d. Account type (Please tick) : Savings Current Cash Credit
 - e. Account No. (as appearing on the MICR cheque book) :

I hereby declare that the particulars above given are correct and complete. I undertake to inform any subsequent changes in the above particulars before the relevant book closure date(s). If the payment is delayed or not effected at all for any reason(s) beyond the control of the Company, I will not hold the Company responsible.

Date:

Signature of the First Holder

Delete whichever is not applicable.

* The nine digit code number of your bank and branch is mentioned on the MICR band next to the cheque number.



ANNUAL REPORT 2014-15
MAGMA FINCORP LIMITED



FOCUSING ON FUNDAMENTALS



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Forward-looking statement

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

Corporate Information

CIN: L51504WB1978PLC031813

BOARD OF DIRECTORS

Mr. Mayank Poddar

Chairman

Mr. Sanjay Chamria

Vice Chairman and Managing Director

Mr. Neil Graeme Brown

Non Executive Independent Director

Mr. Narayan K Seshadri

Non Executive Independent Director

Mr. Nabankur Gupta

Non Executive Independent Director

Mr. Satya Brata Ganguly

Non Executive Independent Director

Mr. Sanjay Nayar

Non Executive Director

Ms. Ritva Kaarina Laukkanen

Non Executive Director

CHIEF FINANCIAL OFFICER

Mr. Atul Bansal

COMPANY SECRETARY

Mr. Kailash Baheti

BANKERS

- Punjab National Bank
- State Bank of India
- ICICI Bank Limited
- Axis Bank Limited
- The Hongkong and Shanghai Banking Corporation Limited (HSBC)
- UCO Bank
- Oriental Bank of Commerce
- United Bank of India
- Corporation Bank
- IDBI Bank Ltd
- Indian Bank
- Bank of Baroda

- Union Bank of India
- Bank of India
- Dena Bank
- Andhra Bank
- State Bank of Hyderabad
- Syndicate Bank
- Central Bank of India
- Bank of Maharashtra
- Indian Overseas Bank

STATUTORY AUDITORS

B S R & Co. LLP

Chartered Accountants

Firm's Registration No.-101248W/W-100022

Maruthi Info-Tech Centre

11-12/1 Inner Ring Road

Koramangala

Bangalore 560071

SECRETARIAL AUDITOR

M/s. MKB & Associates

Practicing Company Secretaries

Manoj Kumar Banthia (Proprietor)

COP No.-7596

Shantiniketan, 5th Floor, Room No. 511,

8, Camac Street, Kolkata-700 017

REGISTERED OFFICE

"MAGMA HOUSE"

24, Park Street, Kolkata-700 016

Tel: +91 33 4401 7350/7200

Fax: +91 33 4401 7731

Email Id: secretary@magma.co.in

Website: www.magma.co.in

REGISTRAR AND SHARE TRANSFER AGENT

Niche Technologies Private Limited

D-511, Bagree Market, 5th Floor

71, B.R.B.Basu Road, Kolkata - 700 001

Tel No. +91 33 2235 7270 / 7271, +91 33 2234 3576

Fax No. +91 33 2215 6823

Email Id: nichetechpl@nichetechpl.com

Financial Performance

Disbursements (₹ in Crores)

14-15	10,115
13-14	9,081
12-13	8,678
11-12	7,404
10-11	5,415
13% 5-year CAGR	11% ▲

Assets under management (₹ in Crores)

14-15	21,175
13-14	19,703
12-13	18,378
11-12	13,293
10-11	10,907
14% 5-year CAGR	7% ▲

Total loan assets (₹ in Crores)

14-15	19,567
13-14	17,877
12-13	16,240
11-12	12,036
10-11	9,567
15% 5-year CAGR	9% ▲

Revenue (₹ in Crores)

14-15	2,386
13-14	2,117
12-13	1,701
11-12	1,080
10-11	8,74
22% 5-year CAGR	13% ▲

Profit after tax (₹ in Crores)

14-15	187
13-14	160
12-13	145
11-12	78
10-11	122
9% 5-year CAGR	17% ▲

Capital adequacy ratio (%)

14-15	16.3
13-14	16.6
12-13	16.8
11-12	21.2
10-11	18.2
-31 BPS	▼

Collection efficiency (%)

14-15	95.2
13-14	95.7
12-13	98.2
11-12	100.5
10-11	101.7
-50 BPS	▼

Net interest margin (%)

14-15	6.16
13-14	5.51
12-13	5.48
11-12	4.05
10-11	5.88
65 BPS	▲

FOCUSING ON FUNDAMENTALS

Branch network (No.)

14-15	232
13-14	274
12-13	275
11-12	200
10-11	172

Employee strength (No.)

14-15	9,790
13-14	9,760
12-13	7,300
11-12	5,700
10-11	5,170

Customer base (No.)

14-15	490,000
13-14	440,000
12-13	390,000
11-12	289,600
10-11	236,000

Vision

**TO BECOME INDIA'S LARGEST RETAIL ASSET
FINANCE COMPANY**

Mission

**TO CONTINUE TO PROVIDE SERVICE
EXCELLENCE IN RETAIL-FINANCING TO BRING
HAPPINESS AND PROSPERITY TO ALL**

Values

OPENNESS AND TRANSPARENCY

We will foster honesty and frankness in all our dealings and be clearly discernible with everybody we deal with.

INTEGRITY AND CREDIBILITY

We will act with the utmost intellectual and financial uprightness.

FAIRNESS AND IMPARTIALITY

We will be just in our dealings with others and practice empathy.

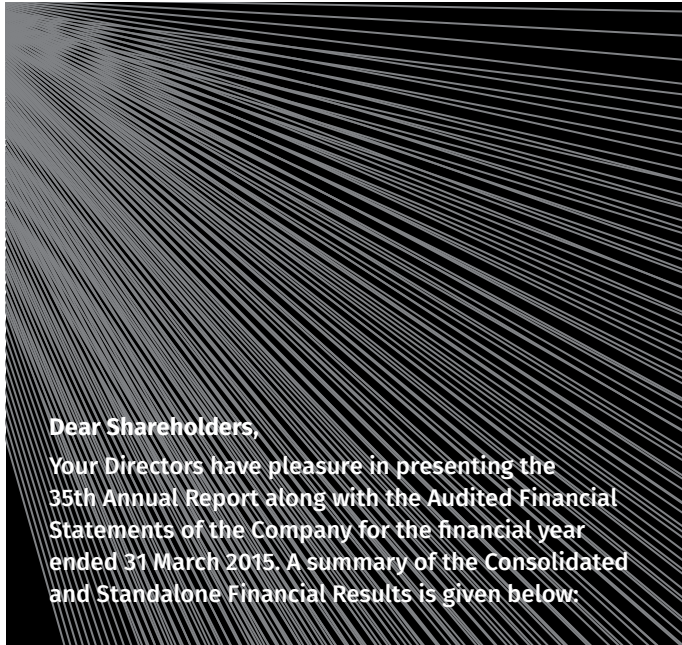
TRUST AND RESPECT FOR PEOPLE

We will recognise and demonstrate through our actions, our inherent belief in the dignity that every human being is entitled to.

DEMANDING EXCELLENCE

We will, in demanding excellence of ourselves and others, exceed all expectations and overcome perceived barriers.

Directors' Report



Dear Shareholders,

Your Directors have pleasure in presenting the 35th Annual Report along with the Audited Financial Statements of the Company for the financial year ended 31 March 2015. A summary of the Consolidated and Standalone Financial Results is given below:



Mayank Poddar, Chairman

FINANCIAL RESULTS

(₹ in Lacs)

	Consolidated		Standalone	
	2014-15	2013-14	2014-15	2013-14
Total income	2,38,597.96	2,11,769.30	2,04,595.25	1,87,584.82
Profit before interest and depreciation	1,49,099.49	1,40,792.86	1,27,106.23	1,26,669.82
Less: Interest and finance charges	1,23,293.57	1,17,707.18	1,06,144.01	1,05,516.19
Less: Depreciation	3,456.94	3,317.50	3,451.50	3,314.00
Profit before tax	22,348.98	19,768.18	17,510.72	17,839.63
Tax Expense	3,622.39	3,805.00	2,603.97	4,282.31
Profit after tax (Before Minority Interest)	18,726.59	15,963.18	14,906.75	13,557.32
Minority Interest	659.85	780.31	--	--
Profit after tax (After Minority Interest)	18,066.74	15,182.87	14,906.75	13,557.32
Add: Surplus brought forward	33,006.11	25,729.60	29,876.14	23,483.66
Add: Impact of amalgamation of International Autotracs Finance Limited with Magma ITL Finance Limited	--	(51.85)	--	--
Balance available for appropriation	51,072.85	40,860.62	44,782.89	37,040.98
- Statutory reserves	3,840.00	3,441.09	2,990.00	2,751.85
- General reserve	1,502.40	1,365.50	1,502.40	1,365.50
Provision for dividend				
- On preference shares	973.52	1,084.21	973.16	1,083.85
- On equity shares	1,523.41	1,520.96	1,523.41	1,520.96
- Dividend tax	508.21	442.74	508.14	442.68
Balance carried forward	42,725.31	33,006.12	37,285.78	29,876.14

FOCUSING ON FUNDAMENTALS

BUSINESS**Indian Economy during 2014-15**

The Growth in GDP during 2014-15 is estimated to be at 7.4%, as compared to a growth rate of 6.9% in 2013-14, on improved performances in both industry and services. Even though the new government remained committed in its endeavours, a steadier resolution of the politically difficult structural issues that have stalled investment and limited economic performance, was needed. Higher infrastructure spending, continued reforms to the financial and monetary policy, demand improvement and lower oil prices should have a positive effect on the economy going forward.

The Company's Performance vis-à-vis Industry

The sale of new Passenger Cars and Multi Utility Vehicles (MUVs) recorded a growth of 3.9% during 2014-15 against 6.1% de-growth in 2013-14, mainly on account of a growth in Passenger cars and Utility Vehicles. Within the Passenger Vehicles segment, Passenger Cars and Utility Vehicles grew by 5.0% and 5.3% respectively whereas, Vans dropped by 10.2% during 2014-15, compared to the corresponding previous year.

All India sales of new Commercial Vehicles recorded a de-growth of 2.8% during 2014-15, against a de-growth of 20.2% in 2013-14. The improved performance was due to a better performance of M&HCVs (Medium & Heavy Commercial Vehicles). However, the growth continued to be negative due to a sharper drop in LCVs (Light Commercial Vehicles) and SCV (Small Commercial Vehicles) segments in 2014-15. M&HCVs witnessed a growth of 16.0% and LCVs & SCVs dropped by 11.6% and 13.2% respectively.

The Construction Equipment segment witnessed a dip in sales for the second successive year at 13.5% in 2014-15 against drop of 18.7% in 2013-14.

Sales of tractors witnessed a de-growth of 13.0% in 2014-15, against a growth of 20.1% in 2013-14. Tractor demand for 2014-15 was subdued due to a market slowdown.

The Indian Housing Finance Market has crossed ₹ 10 trillion mark translating into a steady growth of 17% (annualised) for 9MFY15. Given that there is a large proportion of population which is still under-served by the traditional financial institution, there is still untapped potential for growth especially in certain segments like affordable housing.

The Company made disbursements of ₹ 10,11,523.62 Lacs on consolidated basis during FY 2014-15 as against ₹ 9,08,081.60 Lacs in FY 2013-14, registering a YoY growth of 11%. The Company has witnessed strong disbursement growth in Mortgage, SME and Used Assets, while recording a stable growth in tractors. The mortgage business now constitutes about 15% of the overall loan book portfolio of the Company. The Company's total consolidated Income grew by 12.7% from ₹ 2,11,769.30 Lacs to ₹ 2,38,597.96 Lacs.

The Company has discontinued the gold loan product as decided at the meeting of Board of Directors held on 6 November 2014.

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company except the preferential issue of equity shares aggregating to ₹ 50,000 Lacs.

SUBSIDIARIES AND JOINT VENTURE COMPANIES**Subsidiary**

Magma ITL Finance Limited (MITL), a subsidiary of the Company and Joint Venture with International Tractors Limited, manufacturers of Sonalika brand of tractors, is registered with the RBI as a Non-Deposit Taking NBFC. The subsidiary company made disbursements of ₹ 38,735.25 Lacs against ₹ 45,376.10 Lacs in previous year and earned a PBT of ₹ 2,865.59 Lacs for the year ended 31 March 2015 against ₹ 2,708.03 Lacs in previous year. The disbursement was slowed down due to credit stress in the tractor portfolio.

Magma Advisory Services Limited is a 100% Equity owned subsidiary of the Company and which also holds Investment in Magma Housing Finance (A Public Company with Unlimited Liability) has earned a PBT of ₹ 8.02 Lacs for the year ended 31 March 2015 against ₹ 3.49 Lacs in previous year.

The Growth in GDP during 2014-15 is estimated to be at 7.4%, as compared to a growth rate of 6.9% in 2013-14, on improved performances in both industry and services.

Directors' Report

Magma Housing Finance (A Public Company with Unlimited Liability), a step down subsidiary of the Company, made disbursements of ₹ 97,814.51 Lacs against ₹ 46,227.75 Lacs in previous year and has earned a PBT of ₹ 1,643.94 Lacs for the year ended 31 March 2015 against ₹ 445.89 Lacs in previous year.

The Statement in Form AOC-1 containing the salient features of the financial statement of your Company's subsidiaries and joint ventures and associates pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 forms part of the Annual Report and hence not repeated here for the sake of brevity.

During the year under review, your Company has formulated and put in place a Policy for determining Material Subsidiaries as per the revised clause 49(V)(D) of the Listing Agreement with the Stock Exchanges. The said policy has been posted on the Company's website www.magma.co.in at <https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/>.

Joint Ventures

The Company has a Joint Venture Agreement with HDI-Gerling Industrie Versicherung AG, for General Insurance Business in India in the name of Magma HDI General Insurance Company Limited (MHDI) (the "JV Company"). MHDI has reported Gross Written Premium (GWP) of ₹ 55,481.43 Lacs in FY 2014-15 against ₹ 42,985.27 Lacs in FY 2013-14 registering a growth of 29%.

Jaguar Advisory Services Private Limited, a Joint Venture with HDI-Gerling Industrie Versicherung AG and the Company, is an Advisory Services Company domiciled in India. Presently, this Company provides manpower services. It has earned a PBT of ₹ 4.60 Lacs for the year ended 31 March 2015 against ₹ 4.01 Lacs in previous year.

DIVIDEND

Your Directors recommend the following dividend, subject to your approval at the ensuing Annual General Meeting as under:

1. **On Equity Shares @ 40% i.e. Re. 0.80 per Equity Share of the face value of ₹ 2/- each;**

2. On Preference Shares:

- a) 9.7 % i.e. ₹ 9.70 pro-rata per share dividend on 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 20/- each for the period from 1 April 2014 to 16 February 2015 (both days inclusive), since the shares were redeemed on 17 February 2015;
- b) 3.61% i.e. ₹ 3.61 pro-rata per share dividend on 65,00,999 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 60/- each for a day i.e. 1 April 2014 and 3.61% i.e. ₹ 3.61 pro-rata per share dividend on 65,00,999 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 40/- each (reduced to ₹ 40/- upon redemption of 3rd instalment of ₹ 20/- each on 2 April 2014) for the period from 2 April 2014 to 31 March 2015 (both days inclusive);
- c) 12% i.e. ₹ 12/- per share dividend on 25,00,000 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100 each;
- d) 9.6% i.e. ₹ 9.60 per share dividend on 10,00,000 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100 each;
- e) 0.50% i.e. Re. 0.50 pro-rata per share dividend on 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 40/- each for the period from 1 April 2013 to 16 February 2014 (both days inclusive) and 0.50% i.e. Re. 0.50 pro-rata per share dividend on 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 20/- each (reduced to ₹ 20/- upon redemption of 4th instalment of ₹ 20/- each per share on 17 February 2014) for the period from 17 February 2014 to 31 March 2014 (both days inclusive); and
- f) 11% i.e. ₹ 11/- per share dividend on 36,00,000 Cumulative Redeemable Non-Convertible Preference Shares of ₹ 100/- each.

TRANSFER TO RESERVE

The Company proposes to transfer a sum of ₹ 2,990.00 Lacs to Statutory Reserve. An amount of ₹ 37,285.78 Lacs is proposed to be retained in the Statement of Profit and Loss as at the end of financial year 2014-15.

FOCUSING ON FUNDAMENTALS

DEPOSITS

During the year under review the Company has not invited deposit from the public falling within the ambit of Section 73 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules 2014 and Non- Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

EMPLOYEE STOCK OPTION SCHEME

Your Company had formulated and implemented Magma Employees Stock Option Plan 2007 (MESOP 2007) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Pursuant to the Plan, a further 20,000 number of Stock Options were granted to the eligible employees under MESOP 2007 as per the details mentioned below:-

Grant Date	Tranche	No. of options granted
3 February 2015	Tranche-10	20,000
TOTAL		20,000

Your Company had also formulated and implemented Magma Restricted Stock Option Plan 2014 (MRSOP 2014) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 including any amendments, new enactment thereof or thereto. The MRSOP 2014 was approved by the Board of Directors at its meeting held on 1 July 2014 and by the Members of the Company by a special resolution passed through Postal Ballot on 25 September 2014.

Pursuant to the MRSOP 2014, 6,50,000 Options were granted to the eligible employees under Magma Restricted Stock Option Plan 2014 as per the details mentioned below:-

Grant Date	Tranche	No. of options granted
3 February 2015	Tranche-1	6,50,000
TOTAL		6,50,000

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the MESOP 2007 and MRSOP 2014 in accordance with the applicable SEBI Guidelines.

The details of Options granted and outstanding as on 31 March 2015 along with other particulars as required by Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as

set out in the Annexure I to the Report and the Auditors' Certificate would be placed at the forthcoming Annual General Meeting pursuant to Clause 14 of the said Guidelines for inspection by the members.

SHARE CAPITAL**Equity Shares**

During the year, the following changes were effected in the Share Capital of the Company:

Issue of Equity Shares under the Magma Employees Stock Option Plan 2007:

During the year 3,05,900 Equity Shares of the face value of ₹ 2/- each were allotted to the eligible employees at a price of ₹ 36/- and ₹ 60/- per Equity Share (including a premium of ₹ 34/- and ₹ 58/- per Equity Share), upon the exercise of stock options by the employees.

After the close of the financial year, 30,000 Equity Shares of the face value of ₹ 2/- each were allotted to the eligible employee at a price of ₹ 60/- per Equity Share (including a premium of ₹ 58/- per Equity Share), upon the exercise of stock options by the employee.

Preferential issue of Equity Shares

The Company has as on 8 May 2015 (i.e. subsequent to the closure of FY 2014-15) raised a sum of ₹ 5,00,00,00,076/- (Rupees Five Hundred Crore and Seventy Six Only) by way of preferential issue of 4,62,96,297 (Four Crore Sixty Two Lacs Ninety Six Thousand Two Hundred and Ninety Seven Only) equity shares of face value of ₹ 2/- each at a price of ₹ 108/- each to augment long term working capital requirements of the Company in view of the growth in the business of the Company and to strengthen the financial position of the Company.

Consequent to issue of the additional Equity Shares as above, the issued, subscribed and paid up Equity Share Capital of the Company stands increased to ₹ 4,735.04 Lacs divided into 23,67,52,172 (Twenty Three Crore Sixty Seven Lacs Fifty Two Thousand One Hundred Seventy Two Only) Equity Shares of ₹ 2/- each as on date.

The new Equity Shares issued shall rank pari passu with the existing Equity Shares of the Company in all respects.

Preference Shares**a) Redemption of Preference Shares**

- (i) As per the terms of issue of 9.7% Cumulative Non-Convertible Redeemable Preference Shares

Directors' Report

of face value of ₹ 100/- each, the fifth and the last instalment of 20% (₹ 20/- each) on 21,09,199 Preference shares aggregating to ₹ 421.84 Lacs was redeemed on 17 February 2015. The said preference shares were fully redeemed out of the proceeds of the issue of equity shares in the earlier years which inter-alia includes redemption of preference shares.

- (ii) As per the terms of issue of 65,00,999 Nos. Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- each (carrying dividend rate fixed at 6 months US Dollar Libor plus 3.25%), the fourth instalment aggregating to US Dollar 3 Million were redeemed after the close of the Financial Year on 2 April 2015 out of the proceeds of the issue of equity shares in the earlier years which inter-alia includes redemption of preference shares.

Consequently, the issued, subscribed and paid up Preference Share Capital of your Company stands revised to ₹ 8,400.20 Lacs as on date.

Debt

Secured Debt

During the year, the Company issued 4,000 Nos. Secured Redeemable Non-Convertible Debt Instruments of ₹ 10 Lacs each, aggregating to ₹ 40,000 Lacs. Such instruments are in the nature of Debentures.

Subordinated Debt

During the year, the Company issued 2150 Nos. Unsecured Redeemable Non-Convertible Subordinated Debt Instruments in the nature of Debentures of the face value of ₹ 10 Lacs each, aggregating to ₹ 21,500 Lacs.

Perpetual Debt Instrument

During the year, the Company has not issued any Unsecured Redeemable Non-Convertible Perpetual Debt Instruments in the nature of Debentures.

CREDIT RATING

During the Financial Year 2014-15, Credit Analysis & Research Limited ("CARE") revised its ratings on the Company's various debt instruments except for Short term instruments. Short-term debt instruments are re-affirmed at CARE A1+, which reflects CARE's expectations that the Company's short-term instruments have very strong degree of safety regarding timely payment of financial obligations and that

these instruments carry lowest credit risk. The long term debt instruments of the Company are rated at AA, reflecting expectations that these instruments have very high degree of safety regarding timely payment of financial obligations and carry very low credit risk. Rating for subordinated debt instruments are at AA-, again reflecting that these instruments have very high degree of safety regarding timely payment of financial obligations and carry very low credit risk, and the rating of Perpetual Debt instruments is at A+. A status of ratings assigned by rating agencies and migration of ratings during the year is also provided in Note No. 35 (i) to the Financial Statements of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the requirements under Clause 32 of the Listing Agreement, your Company prepared Consolidated Financial Statements in accordance with Accounting Standard-21- "Consolidated Financial Statements" and Accounting Standard-27- "Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India. The Consolidated Financial Statements forms part of the Annual Report.

CORPORATE GOVERNANCE

Your Company complies with the provisions laid down in Corporate Governance laws. It believes in and practices good corporate governance. The Company maintains transparency and also enhances corporate accountability. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the following forms part of this Annual Report:

- (i) Declaration regarding compliance of Code of Conduct by Board Members and Senior Management Personnel;
- (ii) Management Discussion and Analysis;
- (iii) Report on the Corporate Governance; and
- (iv) Auditors's Certificate regarding compliance of conditions of Corporate Governance

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

FOCUSING ON FUNDAMENTALS

- a. that in the preparation of the annual accounts for the year ended 31 March 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in Notes to the annual accounts have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2015 and of the profit of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual accounts have been prepared on a going concern basis;
- e. that proper internal financial controls are in place and that the financial controls are adequate and are operating effectively; and
- f. that proper systems to ensure compliance with the provisions of all applicable laws are in place and that such systems are adequate and operating effectively.

Notice under Section 160 of the Companies Act, 2013, have been received from a Member of the Company proposing candidature of Ms. Laukkanen. Appropriate resolution seeking your approval to the aforesaid appointment along with brief profile of Ms. Laukkanen is appearing in the Notice convening the 35th AGM of your Company.

In accordance with the provisions of the Companies Act, 2013, Mr. Mayank Poddar (DIN: 00009409) retire by rotation at the ensuing AGM and being eligible offers himself for re-appointment.

Mr. Poddar is not disqualified from being appointed as a Director as specified in terms of Section 164 of the Companies Act, 2013.

Brief profile of Mr. Poddar who is to be re-appointed, as stipulated under Clause 49 of the Listing Agreement is furnished in the Notice of the ensuing AGM. The Board of Directors of your Company recommends the re-appointment of Mr. Poddar at the ensuing AGM.

Mr. Girish Bhatia, Company Secretary retired from the services of the Company with effect from 6 September 2014 and in his place Mr. Kailash Baheti has been appointed as the Company Secretary of the Company with effect from 7 September 2014. The Nomination and Remuneration Committee of the Board has recommended the said appointment to the Board of Directors.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors on the recommendation of the Nomination and Remuneration Committee had appointed Ms. Ritva Kaarina Laukkanen (DIN: 06882930) as an Additional Director in the category of Non-Executive, Non-Independent Director, with effect from 14 October 2014.

By virtue of the provisions of Articles of Association of your Company and Section 161 of the Companies Act, 2013, Ms. Laukkanen will vacate office at the ensuing Annual General Meeting (AGM) of your Company. Your Directors at its meeting held on 8 May 2015, have recommended for the approval of the Members the appointment of Ms. Laukkanen as Non-Executive Director of the Company, liable to retire by rotation, with effect from the date of the ensuing AGM of your Company.

Ms. Laukkanen is not disqualified from being appointed as a Director as specified in terms of Section 164 of the Companies Act, 2013.

Mr. Atul Bansal has been appointed as the Chief Financial Officer (CFO) of the Company with effect from 13 March 2015 in place of Mr. V Lakshmi Narasimhan who has resigned as CFO of the Company. The Nomination and Remuneration Committee and the Audit Committee of the Board has recommended the said appointment to the Board of Directors.

The Board has placed on record their deep appreciation for the valuable contribution made by Mr. Bhatia and Mr. Narasimhan during their unstinted tenure of services with the Company.

The Company has received declarations pursuant to Section 149(7) from all the Independent Directors of the Company viz., Mr. Satya Brata Ganguly, Mr. Nabankur Gupta, Mr. Narayan K Seshadri and Mr. Neil Graeme Brown confirming that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

Directors' Report

MEETINGS

Minimum four pre-scheduled Board meetings are held annually. Additional Board meetings are convened by giving appropriate notice to address the Company's specific needs. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

During the year nine Board Meetings and four Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Listing Agreement.

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Narayan K Seshadri who serves as the Chairman of the Committee and Mr. Neil Graeme Brown, Mr. Satya Brata Ganguly, Mr. Sanjay Nayar and Mr. Mayank Poddar as other members. The terms of reference of the Audit Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report. All the recommendations made by the Audit Committee during the year were accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE

The composition and terms of reference of the Nomination and Remuneration Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The composition and terms of reference of the Stakeholders' Relationship Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report.

REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee adopted the Remuneration Policy, which inter-alia includes policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management Personnel and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

FAMILIARISATION PROGRAMME FOR BOARD MEMBERS

The Company is required to conduct the Familiarisation Programme for Independent Directors (IDs) in terms of Clause 49(II)(B)(7) of the Listing Agreement, to familiarise them about the Company and their roles, rights, responsibilities in the Company. The Familiarisation Programme is stated in the Corporate Governance Report forming part of this Annual Report. The details of such Familiarisation Programme for directors may be referred to, at the website of the Company www.magma.co.in at <https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/>.

BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement, your Company has adopted the Remuneration Policy with comprehensive procedure on performance evaluation. Chairman of the Nomination and Remuneration Committee, who is an independent Director of the Board conducted a one-to-one session with each Director to understand their points of view on the parameters for performance evaluation.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations, ethics and compliances, financial reporting process and monitoring activities.

Performance parameters for the Board as a collective body, included parameters like qualification and diversity of Board members, method and criteria for selection of independent directors to ensure independence, availability, appropriateness, clarity of understanding on risk scenarios faced by the Company, existence, sufficiency and appropriateness of policy on dealing with potential conflicts of interest, involvement of Board members in long-term strategic planning etc.

Based on these criteria, the performance of the Board, various Board Committees, Chairman and Individual Directors (including Independent Directors) was found to be satisfactory.

FOCUSING ON FUNDAMENTALS

Independent Directors has conducted its meeting without the participation of other Non-Independent Directors and members of management and reviewed the performance of Board, its Committee, Chairman and individual Directors. On the basis of the review by the Independent Directors, they hold unanimous opinion that the Non-Independent Directors, including the Chairman to the Board have abundant knowledge in their respective fields and are experts in their areas.

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of the Companies Act, 2013 read with rules made there under, your Directors have constituted the Corporate Social Responsibility (CSR) Committee. The CSR Committee comprises of Mr. Mayank Poddar who serves as the Chairman of the Committee and Mr. Sanjay Chamria and Mr. Satya Brata Ganguly as other members.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities. The CSR Policy has been posted on the Company's website www.magma.co.in at <https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/>.

As part of its initiatives under CSR, the Company has undertaken projects or programs in the areas of Education, Health, Water and Sanitation and Environment Protection and Awareness. These projects are largely in accordance with Schedule VII of the Companies Act, 2013.

The Annual Report on CSR activities is annexed herewith and marked as Annexure II.

INTERNAL FINANCIAL CONTROLS

Your Company has an adequate system of internal control procedures which is commensurate with the size and nature of business. Detailed procedural manuals are in place to ensure that all the assets are safeguarded, protected against loss and all transactions are authorised, recorded and reported correctly. The internal control systems of the Company are monitored and evaluated by internal auditors and their audit reports are periodically reviewed

by the Audit Committee of the Board of Directors. The Audit Committee regularly reviews the audit findings and actions taken thereon, as well as the adequacy and effectiveness of the internal systems and controls.

Your Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively. In this regard, your Board confirms the following:

- i. Systems have been laid to ensure that all transactions are executed in accordance with management's general and specific authorisation. There are well-laid manuals for such general or specific authorisations.
- ii. Systems and procedures exist to ensure that all transactions are recorded as necessary to permit preparation of financial statements in conformity with Generally Accepted Accounting Principles or any other criteria applicable to such statements, and to maintain accountability for aspects.
- iii. Access to assets is permitted only in accordance with management's general and specific authorisation. No assets of the Company are allowed to be used for personal purposes, except in accordance with terms of employment or except as specifically permitted.

The existing assets of the Company are verified/ checked at reasonable intervals and appropriate action is taken with respect to any differences, if any.

STATUTORY AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, Bangalore, bearing Registration No. 101248W/W-100022 have been appointed as the Statutory Auditors of the Company for a period of 2 years from the conclusion of the 34th AGM (for FY 2013-14) till the conclusion of the 36th AGM (for FY 2015-16). The Board now recommends the appointment of M/s. B S R & Co. LLP for ratification by the members at the Annual General Meeting for the Financial Year 2015-16.

STATUTORY AUDITORS' OBSERVATIONS

The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors Report does not contain any qualification, reservation or adverse remark.

Directors' Report

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed M/s. MKB & Associates, Practicing Company Secretaries to conduct the Secretarial Audit. The Secretarial Audit Report for the financial year ended 31 March 2015 is annexed herewith and marked as Annexure III.

SECRETARIAL AUDITORS' OBSERVATIONS

Reference point no. 5 of the Secretarial Auditor's Report your Company had reconstituted the Nomination and Remuneration Committee on 8 May 2015.

VIGIL MECHANISM

The Company has a vigil mechanism named 'Breach of Integrity and Whistle Blower Policy' in terms of Section 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement to deal with instance of fraud and mismanagement, if any, and to report concerns about unethical behaviour, wrongful conduct and violation of the Company's code of conduct or ethics policy. The details of the said Policy is explained in the Corporate Governance Report and also posted on the website of the Company www.magma.co.in at <https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/>.

RISK POLICY

The Company understands that risk evaluation and risk mitigation is a function of the Board of the Company and the Board of Directors are fully committed to developing a sound system for identification and mitigation of applicable risks viz., systemic and non-systemic. The Board of Directors has approved a Risk Management Policy as per which the Company is in the process of identifying critical risks of various departments within the Company. Once identified, a sound mitigation system will be put in place. Further the Board is of the opinion that at present there are no material risks that may threaten the functioning of the Company.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis and are reviewed by the Audit Committee of the Board. During the year the Company has not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

A Policy on related party transactions and dealing with related parties as approved by the Board has been posted on the Company's website www.magma.co.in at <https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/>.

PARTICULARS OF LOANS/GUARANTEE/ADVANCES/ INVESTMENTS OUTSTANDING DURING THE FINANCIAL YEAR

Particulars of loans/guarantee/advances/investments outstanding during the financial year is furnished in Note Nos. 14, 19, 30 and 42 to the financial statement.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report.

FOCUSING ON FUNDAMENTALS

The full Annual Report including the aforesaid information is being sent to all shareholders of the Company through the prescribed mode and is available on the Company's website.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 forms part of this Annual Report and is annexed herewith and marked as Annexure IV

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There were no significant material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status of the Company and its future operations.

TRANSFERS OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund (IEPF). During the year under review your Company has transferred ₹ 4,38,927/- (Rupees Four Lacs Thirty Eight Thousand Nine Hundred Twenty Seven Only) to IEPF.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31 July 2014 (date of last Annual General Meeting) on the Company's website (www.magma.co.in), as also on the Ministry of Corporate Affairs' website.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company is committed to provide a safe & conducive work environment to its employees and has formulated 'Policy for Prevention of Sexual Harassment' to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment. During the year under review, no case of sexual harassment was reported.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

- 1) Your Company does not have any activity relating to conservation of energy or technology absorption.
- 2) The foreign exchange earnings and the foreign exchange outgo of the Company is furnished in Note No 33 to the financial statement.

APPRECIATION

Your Directors would like to record their appreciation of the hard work and commitment of the Company's employees and warmly acknowledge the unstinting support extended by its bankers, alliance partners and other stakeholders in contributing to the results.

For and on behalf of the Board

Mayank Poddar

Chairman

DIN: 00009409

Kolkata
8 May 2015

Annexure I to Directors' Report

STATEMENT AS AT 31 MARCH 2015 PURSUANT TO CLAUSE 12 (DISCLOSURE IN THE DIRECTORS' REPORT) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999

Employee Stock Option Scheme

The details of options as required by the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out herein below.

The Company instituted "Magma Employees Stock Option Scheme 2007" ("MESOP 2007") for the employees of the Company. The vesting options are 30%, 30%, 20% and 20% of the total options granted after 24, 36, 48 and 60 months respectively from the date of grant except in respect of Tranche 4. In respect of Tranche 4, the vesting options of 2,00,000 Normal options are 20%, 20%, 30% and 30% of the total normal options granted after 24, 36, 48 and 60 months respectively from the date of grant. Further in respect of 1,00,000 Additional options, 100% vesting will take place on the expiry of 5 years from the grant date. The validity of the

MESOP 2007 has been extended by a period of five years and is now valid till 12 April 2022.

Restricted Stock Option Plan

The details of options as required by the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out herein below.

The Company instituted Magma Restricted Stock Option Plan 2014 ("MRSOP 2014") for the employees of the Company. The vesting options are based on the performance of the Company and as per the MRSOP 2014, the vesting date is 30 September 2016, 31 March 2017, 30 September 2017, 31 March 2018, 30 September 2018 and 31 March 2019. The Plan shall continue to be in force until: (i) the expiry of 10 (ten) years from 25 September 2014 (being date of approval by the Shareholders); or (ii) the date on which all the Restricted Stock Options available for issuance under the MRSOP 2014 have been issued and exercised or have lapsed and the Administrator does not intend to re-issue these lapsed Restricted Stock Options, whichever is later; or (iii) its termination by the Board.

FOCUSING ON FUNDAMENTALS

Sl. No.	Description	MESOP 2007										MRSOP 2014
		Details (1 st Tranche)	Details (2 nd Tranche)	Details (3 rd Tranche)	Details (4 th Tranche)	Details (5 th Tranche)	Details (6 th Tranche)	Details (7 th Tranche)	Details (8 th Tranche)	Details (9 th Tranche)	Details (10 th Tranche)	Details (1 st Tranche)
1	Date of grant of options	12 October 2007	1 February 2012	25 April 2012	16 January 2013	16 January 2013	08 April 2013	7 May 2013	30 October 2013	30 January 2014	3 February 2015	3 February 2015
2	Number of options granted	17,54,000	2,50,000	50,000	Normal Options- 2,00,000	1,50,000	50,000	50,000	1,75,000	1,25,000	20,000	6,50,000
		Each option is equivalent to one Equity Share of face value of ₹ 2/- of the Company	Each option is equivalent to one Equity Share of face value of ₹ 2/- of the Company	Each option is equivalent to one Equity Share of face value of ₹ 2/- of the Company	Additional options- 1,00,000 (All 3,00,000 Options are Performance Linked)	Each option is equivalent to one Equity Share of face value of ₹ 2/- of the Company	Each option is equivalent to one Equity Share of face value of ₹ 2/- of the Company	Each option is equivalent to one Equity Share of face value of ₹ 2/- of the Company	Each option is equivalent to one Equity Share of face value of ₹ 2/- of the Company	Each option is equivalent to one Equity Share of face value of ₹ 2/- of the Company	Each option is equivalent to one Equity Share of face value of ₹ 2/- of the Company	Each option is equivalent to one Equity Share of face value of ₹ 2/- of the Company
3	Pricing formula	12,36,200	1,50,000	15,000	40,000	45,000	Nil as the minimum vesting period in respect of our plan is two years from the date of grant	Nil as the minimum vesting period in respect of our plan is two years from the date of grant	Nil as the minimum vesting period in respect of our plan is two years from the date of grant	Nil as the minimum vesting period in respect of our plan is two years from the date of grant	Nil as the minimum vesting period in respect of our plan is two years from the date of grant	Nil as the minimum vesting period in respect of our plan is two years from the date of grant
4	Options vested											
5	Options exercised as at the year end		97,500	15,000	N.A.	15,000	Nil	Nil	Nil	Nil	Nil	Nil
6	Total number of equity shares of ₹ 2/- each arising as a result of exercise of options	12,22,200	97,500	15,000	N.A.	15,000	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
7	Options lapsed as at the year end	5,17,800	Nil	Nil	3,00,000	70,000	Nil	50,000	Nil	Nil	Nil	50,000
8	Variation in terms of options						Nil					
9	Money realised by exercise of options	₹ 4,39,99,200/-	₹ 58,50,000/-	₹ 9,00,000/-	Nil	₹ 9,00,000/-	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Annexure I to Directors' Report

Sl. Description No.	MESOP 2007										MRSOP 2014	
	Details (1 st Tranche)	Details (2 nd Tranche)	Details (3 rd Tranche)	Details (4 th Tranche)	Details (5 th Tranche)	Details (6 th Tranche)	Details (7 th Tranche)	Details (8 th Tranche)	Details (9 th Tranche)	Details (10 th Tranche)	Details (1 st Tranche)	
10	Total number of options in force as at the year end	14,000	1,52,500	35,000	Nil	65,000	50,000	Nil	1,75,000	1,25,000	20,000	6,00,000
11	Senior managerial personnel	Details in Appendix-I	Details in Appendix-II	N.A.	Employee-wise details of options granted to Details in Appendix-III	Details in Appendix-IV	N.A.	Details in Appendix-V	Details in Appendix-VI	N.A.	Details in Appendix-VII	Details in Appendix-IX
(ii)	Any other employee who received a grant in any one year of option amounting to 5 % or more of the options granted during that year					Details in Appendix-VIII						
(iii)	Identified employees who were granted options during any one year, equal to or exceeding 1 % of the issued capital of the Company at the time of grant						Nil					
12	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard 20 (AS 20) - 'Earnings per Share'											₹ 7.19
13	Method of calculation of employee compensation cost	The Company calculated the employee compensation cost using the intrinsic value method of accounting to account for Options granted.										

FOCUSING ON FUNDAMENTALS

Sl. No.	Description	MESOP 2007										MRSOP 2014
		Details (1 st Tranche)	Details (2 nd Tranche)	Details (3 rd Tranche)	Details (4 th Tranche)	Details (5 th Tranche)	Details (6 th Tranche)	Details (7 th Tranche)	Details (8 th Tranche)	Details (9 th Tranche)	Details (10 th Tranche)	Details (1 st Tranche)
14	Difference between the employee compensation cost so computed in 13 above and the employee compensation cost that shall have been recognised if it had used the fair value of the options	₹ 36/-	₹ 60/-	₹ 60/-	₹ 60/-	₹ 60/-	₹ 60/-	₹ 60/-	₹ 60/-	₹ 60/-	₹ 60/-	₹ 2/-
15	Exercise price of the options											Diluted
16	The impact of this difference on profits and on the EPS of the Company											13,735.58
	Net income (₹ in Lacs)											3.06
	Add: Employee cost intrinsic value (₹ in Lacs)											4.55
	Less: Employee Cost fair value (₹ in Lacs)											13,734.09
	Adjusted net income (₹ in Lacs)											
	Earning Per Share											7.22
	As reported (₹)											7.22
17	Fair value of each options based on Black Scholes Methodology	₹ 30.32	₹ 29.35	₹ 38.65	Normal ₹ 63.89 Additional ₹ 68.83	₹ 62.06	₹ 43.72	₹ 52.69	₹ 32.61	₹ 32.91	₹ 57.52	₹ 93.86
	Assumptions:											
	Risk free rate	7.76%	8.35%	8.45%	7.86% 7.90%	7.85%	7.82%	7.57%	8.57%	8.91%	7.78%	7.78%
	Expected life of options	4.80 years	4.80 years	4.80 years	5.20 years 6.50 years	4.80 years	4.80 years	4.80 years	4.80 years	4.80 years	4.30 years	4.42 years
	Expected volatility	73.94%	58.13%	56.51%	52.51% 55.70%	50.86%	49.99%	48.90%	45.06%	48.90%	42.78%	42.00%
	Expected dividend	3.03%	1.06%	0.88%	0.61% 0.61%	0.61%	1.02%	0.89%	1.20%	1.23%	0.81%	0.81%

₹ 1.49 Lacs

Annexure I to Directors' Report

APPENDIX-I

List of Senior Management Employees to whom stock options were granted on 12 October 2007

Name of the employee	Stock options granted
Ashutosh Shukla	1,70,000
Brahmajyoti Mukherjee	1,70,000
V. Lakshmi Narasimhan	1,70,000
Guru Prasad Pattanaik	1,25,000

APPENDIX-II

List of Senior Management Employees to whom stock options were granted on 1 February 2012

Name of the employee	Stock options granted
Kailash Baheti	75,000
Sumit Mukherjee	75,000

APPENDIX-III

List of Senior Management Employees to whom stock options were granted on 16 January 2013

Name of the employee	Stock options granted
Vikas Mittal	Normal options-2,00,000 Additional options- 1,00,000 (All 3,00,000 Options are Performance Linked)

APPENDIX-IV

List of Senior Management Employees to whom stock options were granted on 16 January 2013

Name of the employee	Stock options granted
Sandeep Walunj	1,00,000

APPENDIX-V

List of Senior Management Employees to whom stock options were granted on 30 October 2013

Name of the employee	Stock options granted
Janet Gasper- Chowdhury	75,000

APPENDIX-VI

List of Senior Management Employees to whom stock options were granted on 30 January 2014

Name of the employee	Stock options granted
Ram Kalyan Kumar Medury	75,000

APPENDIX-VII

List of Senior Management Employees to whom options were granted on 3 February 2015

Name	Stock options granted
Kailash Baheti	70,000
Sachin Khandelwal	70,000
Ashutosh Shukla	50,000
Ram Kalyan Kumar Medury	50,000
Janet Gasper-Chowdhury	50,000
Sandeep Walunj	50,000
Mahender Bagrodia	50,000
Sumit Mukherjee	50,000
Vikas Mittal	50,000
TOTAL	4,90,000

APPENDIX-VIII

List of other employees who received a grant in any one year of option amounting to 5% or more of the options granted during that year

Name of the employee	Stock options granted	Tranche No.
Sunil Gupta	50,000	2 nd Tranche
Navneet Kumar Gupta	50,000	2 nd Tranche
Subir Roy Chowdhury	50,000	3 rd Tranche
Dhirendra Kumar Hota	50,000	5 th Tranche
Gaurav Parasrampurua	50,000	6 th Tranche
Sumit Das	50,000	7 th Tranche
Raghvendra Pathak	50,000	8 th Tranche
Rohit Sharma	50,000	8 th Tranche
Pooja Mehta	50,000	9 th Tranche
Akhil Jain	20,000	10 th Tranche

APPENDIX-IX

List of other employees who received a grant in any one year of option amounting to 5% or more of the options granted during that year

Name	Stock options granted
Dhrubasish Bhattacharya	40,000
Rohit Sharma	40,000
Manish Chaudhuri	40,000
Gauri Shankar Agarwal	40,000
TOTAL	1,60,000

For and on behalf of the Board

Mayank Poddar

Chairman

DIN: 00009409

Kolkata
8 May 2015

Annexure II to Directors' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline on the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs

Magma proposes to make a positive difference to society. The Company firmly believes that it has commitment to all its stakeholders, customers, employees and the community in which it operates and it can fulfil this commitment only by sustainable and inclusive growth. The Company aims to improve quality of life through its positive intervention in the community.

The Company's key CSR initiatives will be undertaken with a long-term view. Initiatives that are sustainable, that have long-term benefits to the society at large and that have business linkage, but which do not result in business benefits, in the ordinary course of Company's business, will be accorded priority.

The focus area of CSR initiatives are as under:

- Promoting education
- Promoting health care including preventive health care
- Environment sustainability

As part of the CSR program, the Company has entered into an agreement with Petroleum Conservation Research Association (PCRA) a Government of India Undertaking in March 2015, for conducting various training and workshop activities with respect to environmental awareness.

Weblink: <https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/>

2. The Composition of the CSR Committee

Sl No.	Name of the Directors	Category
1.	Mr. Mayank Poddar (Chairman)	Promoter, Executive
2.	Mr. Sanjay Chamria	Promoter, Executive
3.	Mr. Satya Brata Ganguly	Independent, Non-Executive

3. Average net profit of the Company for last three years calculated as per Section 349 of the Companies Act, 1956.

Average net profit ₹ 18,878 Lacs

4. Prescribed CSR expenditure (2% of the amount as in item no. 3 above)

The Company was required to spend ₹ 378 Lacs

5. Details of CSR spent during the financial year

a. Total amount to be spent for the financial year:

The Company had proposed to spend ₹ 126.81 Lacs during the year under review and the balance sum of ₹ 251.19 Lacs was to be carried forward.

b. Amount unspent, if any: Out of the proposed spend of ₹ 126.81 Lacs, only a sum of ₹ 30.95 Lacs was spent and the balance ₹ 95.86 Lacs remained unspent.

Annexure II to Directors' Report

c. Manner in which the amount spent during the financial year is detailed below:

(₹ in Lacs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2)specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency (*)
1	Hygiene sanitation facilities like Installation of e-toilet and porta cabin, conducting of health check-up	Healthcare including preventive health and sanitation	Karimnagar and Vijaywada (Andhra Pradesh), Kanpur (Uttar Pradesh), Bhillai (Madhya Pradesh), Patna (Bihar), Sangrur (Punjab), Hapur (NRC), Yaswantpur (Karnataka)	75.65	11.06	11.06	-
2	Drivers workshops for better habits mileage and fuel conservation	Ensuring Environmental sustainability	Karimnagar and Vijaywada (Andhra Pradesh), Kanpur (Uttar Pradesh), Bhillai (Madhya Pradesh), Patna (Bihar), Sangrur (Punjab), Hapur (NRC), Yaswantpur (Karnataka)	41.35	2.55	2.55	-
3	Environmental Awareness Program	Ensuring Environmental sustainability	Kalamboli (Maharashtra), Indore (Madhya Pradesh), Karimnagar (Andhra Pradesh)	8.78	12.73	12.73	-
4	Healthcare	Healthcare	Kolkata (West Bengal)	1.03	1.52	1.52	1.52*
5	Book Provisioning and providing educational aid to School	Literacy	Kolkata (West Bengal)	Nil	3.09	3.09	3.09*
	TOTAL			126.81	30.95	30.95	4.61

* Details of implementing agencies: (i) Kolkata Rescue, Non- Governmental Organisation, Kolkata (ii) Hive India, Social Development Organisation, Kolkata (iii) Divya Chaya Trust, Kolkata and (iv) Friends of Tribal Society, Kolkata.

FOCUSING ON FUNDAMENTALS

6. In case the Company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's report

During the financial year 2014-15, the Company has spent ₹ 30.95 Lacs towards CSR activities which is less than 2% of the average net profit of last 3 financial years. In response to the same, your Company would like to submit that this being the first year of structured implementation of CSR initiatives, Magma is under process of tie-up up with various associations/organisation/trust for pursuing the CSR activities as envisaged in the CSR Policy.

Magma has been extending support to the Society by way of various CSR activities. Pursuant to enactment of Companies Act, 2013, this is the first year in which the Company commenced the CSR activities in an organised way. The process of identifying activities and various tie ups delayed the CSR spend towards the year end and hence the Company could not spend full amount of envisaged CSR expenditure. The Company

is committed to the underlying intent of CSR and is optimistic of meeting its commitment for the financial year 2014-15 by spending higher amount in financial year 2015-16 and thereby make a positive impact on the society.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

CSR Committee confirms that the implementation and monitoring of CSR Policy is in line with the CSR objectives and Policy of the Company.

Sanjay Chamria
(Vice Chairman and
Managing Director)

Kolkata
8 May 2015

Mayank Poddar
(Chairman CSR Committee)

Annexure III to Directors' Report

SECRETARIAL AUDIT REPORT

Form No. MR-3

For the financial year ended 31 March 2015

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

To

The Members,

Magma Fincorp Limited

1. I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Magma Fincorp Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
2. Based on the verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information

provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

3. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2015, to the extent applicable, according to the provisions of:
 - i) The Companies Act, 2013 (the Act) and the rules made there under;
 - ii) The Securities Contracts (Regulation) Act, 1956 and Rules made there under;
 - iii) The Depositories Act, 1996 and Regulations and Bye-laws framed there under;

Annexure III to Directors' Report

- iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under;
 - v) The following Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act"), to the extent applicable:
 - a) SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011
 - b) SEBI (Prohibition of Insider Trading) Regulations, 1992
 - c) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - d) SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
 - e) SEBI (Issue and listing of Debt securities) Regulations, 2008
 - f) SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
 - g) The SEBI (Delisting of Equity Shares) Regulations, 2009
 - h) The SEBI (Buyback of Securities) Regulations, 1998
 - vi) The Directions, Circulars & Guidelines prescribed by the Reserve Bank of India; inter alia, the following:-
 - a) Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.
 - b) Master Circular dated 1 July 2014 on Know Your Customer (KYC) Guidelines – Anti Money Laundering Standards (AML) - Prevention of Money Laundering Act, 2002.
 - c) Master Circular dated 1 July 2014 on Miscellaneous Instructions to NBFC- ND-SI
 - d) Master Circular dated 1 July 2014 on Fair Practices Code
4. I have also examined compliance with the applicable clauses of the followings:
- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
 - b) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited.
5. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, *except in case of constitution of Nomination and Remuneration Committee, wherein Mr. Sanjay Chamria, Vice Chairman & Managing Director of the Company is also a member, contrary to the requirements of Section 178 of the Companies Act, 2013 and Clause 49 (IV)(A) of the Listing Agreement.*
6. I further report that
- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.
7. I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
8. I further report that during the audit period, there were:
- (i) Allotment of 3,05,900 equity shares of ₹ 2/- each under the scheme of ESOP, namely, "Magma Employees Stock Option Plan 2007".

FOCUSING ON FUNDAMENTALS

- (ii) Preferential issue of 6150 debentures of ₹ 10,00,000/- each.
- (iii) Redemption of 21,09,199 nos. 9.7% Cumulative Non Convertible Redeemable Preference Shares of ₹ 100/- each.
9. I further report that during the audit period, there were no instances of:
- (i) Public/Right/Preferential issue of shares/sweat equity etc.
- (ii) Buy-back of securities
- (iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations
10. This report is to be read with my letter of even date which is annexed as Annexure – 1 which forms an integral part of this report.

For MKB & Associates
Company Secretaries

Manoj Kumar Banthia

[Proprietor]

ACS no. 11470

COP no. 7596

Date: 8 May 2015

Place: Kolkata

ANNEXURE – 1

To,
The Members,
Magma Fincorp Limited

My report of even date is to be read along with this letter.

1. It is management's responsibility to identify the Laws, Rules, Regulations, Guidelines and Directions which are applicable to the Company depending upon the industry in which it operates and to comply and maintain those records with same in letter and in spirit. My responsibility is to express an opinion on those records based on our audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management's Representation about the compliance of Laws, Rules, Regulations, Guidelines and Directions and happening events etc.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MKB & Associates
Company Secretaries

Manoj Kumar Banthia

[Proprietor]

ACS no. 11470

COP no. 7596

Date: 8 May 2015

Place: Kolkata

Annexure IV to Directors' Report

EXTRACT OF ANNUAL RETURN

Form No. MGT- 9

as on the financial year ended on 31 March 2015

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

I. REGISTRATION AND OTHER DETAILS :

i) CIN	:	L51504WB1978PLC031813
ii) Registration Date	:	18/12/1978
iii) Name of the Company	:	MAGMA FINCORP LIMITED
iv) Category / Sub-Category of the Company	:	Company having Share Capital
v) Address of the Registered office and contact details	:	"MAGMA HOUSE", 24, Park Street, Kolkata-700016, West Bengal. Tel: +91 33 4401 7350/7200 Fax: +91 33 4401 7731
vi) Whether listed Company Yes / No	:	YES
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NICHE TECHNOLOGIES PRIVATE LIMITED D-511, Bagree Market, 5th Floor, 71, B. R. B. Basu Road, Kolkata-700001, West Bengal. Tel: +91 33 2235 7270/7271 Fax: +91 33 2215 6823

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1.	Financing for Tractors, Commercial Vehicle (CV), Construction Equipment (CE), Cars, Used Vehicles and loans to micro, small and medium enterprises (MSME)	649	99

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Magma ITL Finance Limited "Magma House", 24, Park Street, Kolkata-700 016, West Bengal.	U65910WB2007PLC120137	Subsidiary	74	2(87)
2.	Magma Advisory Services Limited "Magma House", 24, Park Street, Kolkata-700 016, West Bengal.	U74999WB2012PLC181922	Subsidiary	100	2(87)
3.	Magma Housing Finance 8, Sant Nagar, East of Kailash, New Delhi-110 065.	U65922DL2004ULL125931	Step Down Subsidiary	100	2(87)
4.	Jaguar Advisory Services Private Limited 24, Park Street, Kolkata-700 016, West Bengal.	U74140WB2009PTC136492	Joint Venture	48.89	2(6)
5.	Magma HDI General Insurance Company Limited 24, Park Street, Kolkata-700 016, West Bengal.	U66000WB2009PLC136327	Joint Venture	26	2(6)

FOCUSING ON FUNDAMENTALS

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	481580	NIL	481580	0.25	481580	NIL	481580	0.25	NIL
(b) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(c) State Govt.(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d) Bodies Corp.	63450383	NIL	63450383	33.37	63450383	NIL	63450383	33.32	(0.05)
(e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(f) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-TOTAL (A)(1):-	63931963	NIL	63931963	33.62	63931963	NIL	63931963	33.57	(0.05)
(2) Foreign									
(a) NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) Other - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(e) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	63931963	NIL	63931963	33.62	63931963	NIL	63931963	33.57	(0.05)
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	2455	NIL	2455	0.00	2079588	NIL	2079588	1.09	1.09
(b) Banks / FI	2970	122690	125660	0.07	34714	122690	157404	0.08	0.01
(c) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d) State Govt.(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(g) FIs	107643967	5	107643972	56.62	105228981	5	105228986	55.26	(1.36)
(h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1):-	107649392	122695	107772087	56.69	107343283	122695	107465978	56.43	(0.26)
(2) Non-Institutions									
(a) Bodies Corp.									
i) Indian	7101549	42150	7143699	3.76	6380507	38985	6419492	3.37	(0.39)
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Individual shareholders holding nominal share capital upto ₹ 1 Lacs	4644947	1128000	5772947	3.04	5658829	1076315	6735144	3.54	0.50

Annexure IV to Directors' Report

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lacs	2878953	70000	2948953	1.55	3614584	70000	3684584	1.94	0.39
(c) Others									
i) NRI/OCBs	327015	8330	335345	0.17	604266	8330	612596	0.32	0.15
ii) Trust	1552880	NIL	1552880	0.82	1229420	NIL	1229420	0.65	(0.17)
iii) Clearing Mem/Corporate	662101	NIL	662101	0.35	346698	NIL	346698	0.18	(0.17)
Sub-total (B)(2):-	17167445	1248480	18415925	9.69	17834304	1193630	19027934	10.00	0.31
Total Public Shareholding (B)=(B)(1)+(B)(2)	124816837	1371175	126188012	66.38	125177587	1316325	126493912	66.43	0.05
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand TOTAL (A+B+C)	188748800	1371175	190119975	100.00	189109550	1316325	190425875	100.00	-

ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change 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.	Microfirm Capital Private Limited	34015928	17.89	NIL	34015928	17.86	NIL	(0.03)
2.	Celica Developers Private Limited	29434455	15.48	NIL	29434455	15.46	NIL	(0.02)
3.	Mansi Poddar	285000	00.15	NIL	285000	00.15	NIL	0.00
4.	Shaili Poddar	125000	00.06	NIL	125000	00.06	NIL	0.00
5.	Kalpana Poddar	55080	00.03	NIL	55080	00.03	NIL	0.00
6.	Ashita Poddar	16500	00.01	NIL	16500	00.01	NIL	0.00
	Total	63931963	33.62	NIL	63931963	33.57	NIL	(0.05)

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

Sl. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the year -					
1.	Microfirm Capital Private Limited	34015928	17.89	34015928	17.86
2.	Celica Developers Private Limited	29434455	15.48	29434455	15.46
3.	Mansi Poddar	285000	00.15	285000	00.15

FOCUSING ON FUNDAMENTALS

Sl. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
4.	Shaili Poddar	125000	00.06	125000	00.06
5.	Kalpana Poddar	55080	00.03	55080	00.03
6.	Ashita Poddar	16500	00.01	16500	00.01
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
1.	Microfirm Capital Private Limited (*)	NIL	(0.03)	NIL	(0.03)
2.	Celica Developers Private Limited (*)	NIL	(0.02)	NIL	(0.02)
3.	Mansi Poddar (*)	NIL	0.00	NIL	0.00
4.	Shaili Poddar (*)	NIL	0.00	NIL	0.00
5.	Kalpana Poddar (*)	NIL	0.00	NIL	0.00
6.	Ashita Poddar (*)	NIL	0.00	NIL	0.00
	(*) % Changes due to others various allotment				
	At the End of the year -				
1.	Microfirm Capital Private Limited	34015928	17.86	34015928	17.86
2.	Celica Developers Private Limited	29434455	15.46	29434455	15.46
3.	Mansi Poddar	285000	00.15	285000	00.15
4.	Shaili Poddar	125000	00.06	125000	00.06
5.	Kalpana Poddar	55080	00.03	55080	00.03
6.	Ashita Poddar	16500	00.01	16500	00.01

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

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
	At the beginning of the year -				
1.	Zend Mauritius VC Investments, Limited	26854375	14.12	26854375	14.10
2.	International Finance Corporation	23000000	12.10	23000000	12.08
3.	Lavender Investments Limited	18301431	9.63	18851431	9.90
4.	India Capital Fund Limited	9736294	5.12	9180190	4.82
5.	Bank Muscat S A O G A/c Bankmuscat India Fund	8754888	4.60	8754888	4.60
6.	Wellington Management Company LLP A/c Bay Pond MB	8231410	4.33	-	-
7.	Wellington Management Company LLP A/c Bay Pond BMD	4014264	2.11	-	-
8.	KKR Mauritius Direct Investments I. Limited	3674831	1.93	3674831	1.93
9.	Macquarie Bank Limited	2989983	1.57	-	-
10.	SM Tradecom Private Limited	1820125	0.96	1820125	0.96

Annexure IV to Directors' Report

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
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) -				
	Lavender Investments Limited (04/04/2014) – Market Deal	550000	0.29	550000	0.29
	Macquarie Bank Limited (04/04/2014) – Market Deal	(110581)	(0.06)	(110581)	(0.06)
	Macquarie Bank Limited (11/04/2014) – Market Deal	(82000)	(0.04)	(82000)	(0.04)
	Macquarie Bank Limited (20/06/2014) – Market Deal	(259779)	(0.14)	(259779)	(0.14)
	Macquarie Bank Limited (30/06/2014) – Market Deal	(1585156)	(0.83)	(1585156)	(0.83)
	Macquarie Bank Limited (05/09/2014) – Market Deal	(55651)	(0.03)	(55651)	(0.03)
	Macquarie Bank Limited (12/09/2014) – Market Deal	(3700)	(0.00)	(3700)	(0.00)
	India Capital Fund Limited (05/12/2014) – Market Deal	(95574)	(0.05)	(95574)	(0.05)
	India Capital Fund Limited (12/12/2014) – Market Deal	(68400)	(0.03)	(68400)	(0.03)
	Wellington Management Company LLP A/c Bay Pond MB (19/12/2014) – Name Change	(8231410)	(4.32)	(8231410)	(4.32)
	Wellington Management Company LLP A/c Bay Pond BMD (19/12/2014) – Name Change	(4014264)	(2.11)	(4014264)	(2.11)
	Bay Pond MB (19/12/2014) – Name Change	8231410	4.32	8231410	4.32
	Bay Pond BMD (19/12/2014) – Name Change	4014264	2.11	4014264	2.11
	India Capital Fund Limited (09/01/2015) – Market Deal	(58056)	(0.03)	(58056)	(0.03)
	India Capital Fund Limited (16/01/2015) – Market Deal	(37985)	(0.02)	(37985)	(0.02)
	India Capital Fund Limited (23/01/2015) – Market Deal	(296089)	(0.15)	(296089)	(0.15)
	At the End of the year (or on the date of separation, if separated during the year)				
1.	Zend Mauritius VC Investments, Limited	26854375	14.10	26854375	14.10
2.	International Finance Corporation	23000000	12.08	23000000	12.08
3.	Lavender Investments Limited	18851431	9.90	18851431	9.90
4.	India Capital Fund Limited	9180190	4.82	9180190	4.82
5.	Bank Muscat S A O G A/c Bankmuscat India Fund	8754888	4.60	8754888	4.60
6.	Bay Pond MB	8231410	4.32	8231410	4.32
7.	Bay Pond BMD	4014264	2.11	4014264	2.11

FOCUSING ON FUNDAMENTALS

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
8.	KKR Mauritius Direct Investments I. Limited	3674831	1.93	3674831	1.93
9.	SM Tradecom Private Limited	1820125	0.96	1820125	0.96
10.	Namokar Commercial Private Limited	1820120	0.96	1820120	0.96

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
At the beginning of the year -					
	Nabankur Gupta, Director	5000	0.00	5000	0.00
	V. Lakshmi Narasimhan ¹ (Former Chief Financial Officer)	102000	0.05	70000	0.04
	Kailash Baheti ² (Company Secretary & Chief Strategy Officer)	-	-	45000	0.02
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) -					
	Kailash Baheti – ESOP Allotment – 30/07/2014	22500	0.01	22500	0.01
	V. Lakshmi Narasimhan – ESOP Allotment – 30/07/2014	48000	0.02	48000	0.02
	V. Lakshmi Narasimhan – ESOP Allotment – 05/11/2014	14000	0.01	14000	0.01
	V. Lakshmi Narasimhan – Market Deal – 05/12/2014	(100000)	(0.05)	(100000)	(0.05)
	V. Lakshmi Narasimhan – ESOP Allotment – 03/02/2015	6000	0.00	6000	0.00
	Kailash Baheti – ESOP Allotment – 03/02/2015	22500	0.01	22500	0.01
At the End of the year -					
	Nabankur Gupta, Director	5000	0.00	5000	0.00
	V. Lakshmi Narasimhan ¹ (Former Chief Financial Officer)	70000	0.04	70000	0.04
	Kailash Baheti ² (Company Secretary & Chief Strategy Officer)	45000	0.02	45000	0.02

1. Resigned as CFO w.e.f. 13 March 2015

2. Appointed as Company Secretary w.e.f. 7 September 2014

Annexure IV to Directors' Report

V. INDEBTEDNESS

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

	(₹ In Lacs)			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7,52,348.32	1,31,119.79	-	8,83,468.11
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	11,715.29	3,414.56	-	15,129.85
Total (i+ii+iii)	7,64,063.61	1,34,534.35	-	8,98,597.96
Change in Indebtedness during the financial year				
Addition	11,57,558.30	11,11,606.49	-	22,69,164.79
Reduction	10,96,573.60	10,86,200.00	-	21,82,773.60
Net Change	60,984.70	25,406.49	-	86,391.19
Indebtedness at the end of the financial year				
i) Principal Amount	8,16,440.59	1,55,951.51	-	9,72,392.10
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8,607.71	3,989.33	-	12,597.04
Total (i+ii+iii)	8,25,048.30	1,59,940.84	-	9,84,989.14

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholtime Directors and/or Manager :

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mayank Poddar Chairman-WTD	Sanjay Chamria Vice Chairman & Managing Director	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60.00	60.00	120.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	5.00	5.00	10.00
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	74.77	74.77	149.54
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	150.00	150.00
	- as % of profit			
	- others, specify...			
5.	Others	10.23	10.23	20.46
	Total (A)	150.00	300.00	450.00
	Ceiling as per the Act	2,480 Lacs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

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B. Remuneration to other Directors:

									(₹ In Lacs)
Sl. No	Particulars of Remuneration Independent Directors	Name of Directors							Total Amount
		Mr. Neil Graeme Brown	Mr. Narayan Keelveedhi Seshadri	Mr. Nabankur Gupta	Mr. Satya Brata Ganguly	Mr. Kailash Nath Bhandari ¹	Mr. Sanjay Omprakash Nayar	Ms. Ritva Kaarina Laukkanen ²	
1.	Fee for attending board / committee meetings	2.20	3.00	1.60	4.80	0.20	-	-	11.80
	Commission	30.00	65.00	25.00	15.00	15.00	-	-	150.00
	Others, please specify	-	-	-	-	-	-	-	-
	TOTAL (1)	32.20	68.00	26.60	19.80	15.20	-	-	161.80
2.	Other Non-Executive Directors								
	Fee for attending board / committee meetings	-	-	-	-	-	1.60	0.20	1.80
	Commission								
	Others, please specify								
	TOTAL (2)	-	-	-	-	-	1.60	0.20	1.80
	Total (B)=(1+2)	32.20	68.00	26.60	19.80	15.20	1.60	0.20	163.60
	Total Managerial Remuneration³								613.60
	Overall Ceiling as per the Act	248 Lacs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)							

1. Resigned w.e.f. 14 May 2014

2. Appointed w.e.f. 14 October 2014

3. Total remuneration to Managing Director, Wholetime Director and other Directors (being the total of A and B)

Annexure IV to Directors' Report

C. Remuneration to key managerial personnel other than MD/Manager/WTD

(₹ In Lacs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		Girish Bhatia (Former Company Secretary) ¹	Kailash Baheti (Company Secretary & Chief Strategy Officer) ²	V. Lakshmi Narasimhan (Former Chief Financial Officer) ³	Atul Bansal (Chief Financial Officer) ⁴	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20.93	34.83	62.75	3.06	121.57
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.21	2.80	1.37	-	4.38
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	5.16	21.28	40.19	3.61	70.24
2.	Stock Option	-	17.96	44.64	-	62.60
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-	-	-
5.	Others	0.77	18.34	12.36	-	31.47
	TOTAL	27.07*	95.21	161.31	6.67	290.25

1. Resigned as Company Secretary w.e.f. 6 September 2014
2. Appointed as Company Secretary w.e.f. 7 September 2014
3. Resigned as CFO w.e.f. 13 March 2015
4. Appointed as CFO w.e.f. 13 March 2015

*Retirement benefits, like gratuity, leave encashment for part period have not been considered.

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VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the 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			None		
Compounding					
B. Directors					
Penalty					
Punishment			None		
Compounding					
C. Other Officers In Default					
Penalty					
Punishment			None		
Compounding					

Report of the Directors' on Corporate Governance

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Magma pursues its long-term corporate goals on the bedrock of financial discipline, high ethical standards, transparency and trust. Enhancing shareholders' value and protecting the interests of all stakeholders is a tradition at Magma. Every effort is made to follow best practices in all the functional areas and in discharging the Company's responsibilities towards all stakeholders and the community at large.

2. BOARD OF DIRECTORS

2.1 Composition and size

The Company has a judicious mix of Executive, Non-Executive and Independent Non-Executive Directors on its Board. At present, there are Eight directors on

the Board, with 2 (two) Executive Directors, 2 (two) Non-Executive Directors and 4 (four) Independent Non-Executive Directors. The Chairman is an Executive Director and half of the Board consists of Independent Directors. The Company has One Woman Director on its Board and is compliant with the provisions of Section 149 of the Companies Act, 2013 and Clause 49 (II)(A)(1) of the Listing Agreement.

None of the Directors is a director in more than 20 Companies or member of more than 10 Committees or act as Chairman of more than 5 Committees across all Companies in which they are Directors. The Non-Executive Directors are appointed or re-appointed with the approval of shareholders. All the Non-Executive Directors are eminent professionals and bring the wealth of their professional expertise and experience to the management of the Company.

The composition of the Board and category of Directors are as follows:

Category	Nature of Directors
Promoter and Executive Directors	Mr. Mayank Poddar Mr. Sanjay Chamria
Non-Executive Directors	Mr. Sanjay Omprakash Nayar Ms. Ritva Kaarina Laukkanen ¹
Independent Directors	Mr. Neil Graeme Brown Mr. Narayan Keelveedhi Seshadri Mr. Nabankur Gupta Mr. Kailash Nath Bhandari ² Mr. Satya Brata Ganguly

¹Appointed as director w.e.f. 14 October 2014

²Resigned as director w.e.f 14 May 2014

2.2 Pecuniary or business transaction

There were no materially relevant pecuniary relationships or transactions of the Non-Executive Directors vis-a-vis the Company during the year. None of the directors are related to any other directors on the Board.

2.3 Board Meetings

Being the apex body constituted by shareholders for overseeing the functioning of the Company, the Board evaluates all the strategic decisions on a collective consensus basis amongst the Directors. The Board generally meets 4-5 times during the year.

Additional Board meetings are convened to address the Company's specific needs. During FY 2014-15, Magma's Board met nine times on 7 May 2014, 1 July 2014, 31 July 2014, 6 September 2014, 6 November 2014, 4 February 2015, 27 February 2015, 13 March 2015 and 30 March 2015. The maximum interval between any two consecutive meetings were not more than four months. Agenda and Notes on the agenda are circulated among the Directors, well in advance, in a structured format. All the Agenda items are supported by relevant information, documents and presentation to enable the Board to take informed decisions.

FOCUSING ON FUNDAMENTALS

The status of attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) held on 31 July 2014 and the number of Companies and Committees where each of them is a Director / Member / Chairman as on 31 March 2015 is given below:

Name of Director	Category	Materially significant, pecuniary or business relationship with the Company	Number of shares held in the Company	FY 2014-15 Attendance at		Whether Sitting Fees paid	No. of Directorships in other Companies incorporated in India (*)	Outside Committee Positions Held (**)	
				Board Meeting Attended	Attended Last AGM held on 31 July 2014			Chairman	Member
Mr. Mayank Poddar	Promoter, Executive	Executive Chairman	Nil	6/9	Yes	No	7	Nil	Nil
Mr. Sanjay Chamria	Promoter, Executive	Vice Chairman and Managing Director	Nil	9/9	Yes	No	12	3	1
Mr. Neil Graeme Brown	Independent, Non-executive	-	Nil	4/9	No	Yes	Nil	Nil	Nil
Mr. Narayan Keelveedhi Seshadri	Independent, Non-executive	-	Nil	7/9	Yes	Yes	14	3	2
Mr. Nabankur Gupta	Independent, Non-executive	-	5,000	5/9	No	Yes	10	1	3
Mr. Kailash Nath Bhandari	Independent, Non-executive	-	Nil	1/1	N.A.	Yes	N.A.	N.A.	N.A.
Mr. Satya Brata Ganguly	Independent, Non-executive	-	Nil	9/9	Yes	Yes	7	2	6
Mr. Sanjay Omprakash Nayar	Non-executive	Nominee - Zend Mauritius VC Investments, Ltd	Nil	6/9	Yes	Yes	15	0	1
Ms. Ritva Kaarina Laukkanen	Non-executive	Nominee – International Finance Corporation	Nil	1/5	N.A.	Yes	Nil	Nil	Nil

*Excludes directorships held in Foreign Companies and Section 8 Companies of the Companies Act, 2013.

**Includes only Audit Committee and Stakeholders' Relationship Committee in all public limited companies as per Clause 49 of the Listing Agreement. Video/tele-conferencing facilities are used to facilitate Directors present at other locations, to participate in the meetings.

2.4 Remuneration of Directors

The Non-executive Directors were paid sitting fees of ₹ 20,000/- per meeting of the Board, Audit Committee and Nomination and Remuneration Committee and ₹ 10,000/- per meeting of Stakeholders' Relationship Committee, Management Committee and Fair Practices Code Committee for the financial year 2014-15. The details of the remuneration paid to the Directors during the Financial Year ended 31 March 2015:

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						(₹ in Lacs)
Sl. No.	Directors	Salary and allowances	Perquisites	Sitting fees	Commission	Total
1	Mr. Mayank Poddar	70.08	79.92	-	-	150.00
2	Mr. Sanjay Chamria	70.08	79.92	-	150.00	300.00
3	Mr. Neil Graeme Brown	-	-	2.20	30.00	32.20
4	Mr. Narayan K Seshadri	-	-	3.00	65.00	68.00
5	Mr. Nabankur Gupta	-	-	1.60	25.00	26.60
6	Mr. Kailash Nath Bhandari	-	-	0.20	15.00	15.20
7	Mr. Satya Brata Ganguly	-	-	4.80	15.00	19.80
8	Mr. Sanjay Nayar	-	-	1.60	-	1.60
9	Ms. Ritva Kaarina Laukkanen	-	-	0.20	-	0.20
TOTAL		140.16	159.84	13.60	300.00	613.60

2.5 Code of Conduct

The Board of Directors has laid down a Code of Conduct for all the Board Members and Senior Executives of the Company. All the Board Members and Senior Executives have confirmed compliance with the Code. A declaration by Vice Chairman & Managing Director affirming the compliance with the Code is annexed at the end of the Report. The said Code may be referred to, at the website of the Company i.e. www.magma.co.in.

2.6 Information supplied to the Board, inter alia, include:

The following information is regularly placed before the Board:

- Annual operating plans of business and budgets and any updates thereof;
- Capital budgets and any updates;
- Quarterly results for the Company and its operating divisions or business segments;
- Minutes of meetings of the Audit Committee and other Committees of the Board;
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary;
- Show cause, demand, prosecution notices and penalty notices, which are materially important;
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business;

8. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer (if any), among others;

9. Minutes and Financial Results of the Subsidiary Companies: M/s. Magma ITL Finance Limited, M/s. Magma Advisory Services Limited and M/s. Magma Housing Finance (A Public Company with Unlimited Liability) and Financial Results of Associate Companies: M/s. Magma HDI General Insurance Company Limited and M/s. Jaguar Advisory Services Private Limited; and

10. Details of any joint venture or collaboration agreement.

3. COMMITTEES

Magma at present has seven committees of the Board:

- Audit Committee;
- Stakeholders' Relationship Committee;
- Nomination and Remuneration Committee;
- Management Committee;
- Fair Practices Code Committee;
- Corporate Social Responsibility Committee; and
- Investment Committee.

The terms of reference of these Committees is decided by the Board. Signed minutes of the Committee

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meetings are placed before the Board for noting. The role and composition including the number of meetings and related attendance are given below.

3.1 Audit Committee

3.1.1. Terms of reference

The revised terms of reference of the Audit Committee pursuant to the provisions of Section 177(4) of the Companies Act, 2013, RBI Guidelines and in furtherance to the terms of reference as provided in Listing Agreement was approved by the Board of Directors at their meeting held on 31 July 2014.

Some of the important terms of reference of the Committee are as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommend the appointment, replacement or removal, remuneration and terms of appointment of auditors of the company;
3. To approve rendering of services by the statutory auditors other than those expressly barred under Section 144 of Companies Act, 2013 and remuneration for the same;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon and the CEO & CFO Certificate as per Clause 49 of the Listing Agreement before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
- e. Compliance with listing and other legal requirements relating to financial statements;
- f. Disclosure of any related party transactions (AS 18 of ICAI and RBI guidelines); and
- g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval and secure the Certificate from CFO in terms of Clause 41 of the Listing Agreement;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
8. Approve the appointment, removal and terms of remuneration of Chief Internal Auditor and reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency, scope, functioning and methodology of internal audit;
9. Discussion with Internal Auditors and the Management of any significant findings, status of previous audit recommendations and follow up there on;
10. 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;
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

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12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
13. Review Management letters/ letters of internal control weakness issued by the Statutory Auditors;
14. Review the Internal Audit Report relating to internal control weakness;
15. To review the functioning of the Whistle Blower/ vigil mechanism;
16. Approval of appointment of CFO (i.e., the wholetime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
17. Review Management discussion and analysis of financial condition and results of operations;
18. Review Statement of significant related party transactions, submitted by management;
19. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
20. Scrutinise inter-corporate loans and investments;
21. Valuation of undertakings or assets of the company, wherever it is necessary;
22. Evaluation of internal financial controls and risk management systems;
23. Approve and recommend to the Board the transactions of the Company with Related Parties or any subsequent modification thereof;
24. To appoint registered valuers;
25. Review the Company's compliance with employee benefit plans;
26. Oversee and review the Company's policies regarding Information technology and management information systems;
27. Review, approve and monitor the code of ethics that the Company plans for its senior financial officers/Directors;
28. Carry out such other business as may be required by applicable law or considered appropriate in view of the general terms of reference and the purpose of the Audit committee; and
29. Any other matter as delegated by the Board of Directors of the Company from time to time

3.1.2 Composition

The composition of the Audit Committee is given below:

Sl No.	Name of the Members	Category
1.	Mr. Narayan K Seshadri	Independent, Non-executive
2.	Mr. Neil Graeme Brown	Independent, Non-executive
3.	Mr. Satya Brata Ganguly	Independent, Non-executive
4.	Mr. Sanjay Nayar	Non-Independent, Non-executive
5.	Mr. Mayank Poddar	Promoter, Executive

At present, there are five members of the Audit Committee, of which majority comprises of Independent Directors. Members of the Audit Committee possess financial/accounting expertise/exposure. Mr. Narayan K Seshadri is the Chairman of the Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting held on 31 July 2014.

Mr. Kailash Baheti, Company Secretary, acts as the Secretary to this Committee.

3.1.3 Meeting and the attendance during the year

The Audit Committee of Directors met four times during the year under review on 6 May 2014, 30 July 2014, 5 November 2014 and 3 February 2015.

Name of the Directors	Number of meetings attended/held
Mr. Narayan K Seshadri	4/4
Mr. Neil Graeme Brown	3/4
Mr. Satya Brata Ganguly	4/4
Mr. Sanjay Nayar	2/4
Mr. Mayank Poddar	3/4

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3.2 Management Committee**3.2.1 Terms of reference**

Some of the important terms of reference of the Committee are as follows:

- To decide on matters relating to direct assignment deal with various banks from time to time;
- To do all such acts, deeds and things and decide on all such matters relating to opening and closing of current/cash credit account and inclusion and deletion of the authorised signatories to the said current/cash credit account opened in the name of the company; and
- To authorise persons from time to time for necessary compliances with respect to PF, ESI, CST, WBPT matters and to modify any such authorisations extended.

3.2.2 Composition

Sl No.	Name of the Members	Category
1.	Mr. Mayank Poddar	Promoter, Executive
2.	Mr. Sanjay Chamria	Promoter, Executive
3.	Mr. Satya Brata Ganguly	Independent, Non-executive

Mr. Mayank Poddar, Executive Director, acts as the Chairman of the Committee.

3.2.3 Meeting and the attendance during the year

The Management Committee of Directors met 18 times during the year under review on 17 April 2014, 8 May 2014, 7 June 2014, 18 June 2014, 23 June 2014, 28 June 2014, 30 June 2014, 22 July 2014, 11 September 2014, 17 October 2014, 22 October 2014, 18 November 2014, 21 November 2014, 24 December 2014, 30 January 2015, 27 February 2015, 24 March 2015 and 30 March 2015.

Name of the Directors	Number of meetings attended/held
Mr. Mayank Poddar	14/18
Mr. Sanjay Chamria	15/18
Mr. Satya Brata Ganguly	17/18

3.3 Stakeholders' Relationship Committee**3.3.1 Terms of reference**

Some of the important terms of reference of the Committee are as follows:

- To deal with and decide all matters relating to the registration of transfer and transmission of shares and debentures; issue of duplicate share certificates or allotment letters and certificates for debentures in lieu of those lost/ misplaced;
- To redress shareholders and investors complaints relating to transfer of shares, non-receipt of Annual Report and non-receipt of declared dividends, among others;
- To monitor the compliance of Code of prevention of insider trading framed by the Company;
- To effect dematerialisation and re-materialisation of shares of the Company;
- To redress and resolve the grievances of all security holders of the Company; and
- Such other matters as per the directions of the Board of Directors of the Company which may be considered necessary in relation to shareholders and investors of the Company and/ or as required under Clause 49 of the Listing Agreement relating to Corporate Governance, as amended, from time to time.

3.3.2 Composition

Sl No.	Name of the Members	Category
1.	Mr. Satya Brata Ganguly	Independent, Non-executive
2.	Mr. Mayank Poddar	Promoter, Executive
3.	Mr. Sanjay Chamria	Promoter, Executive

Mr. Satya Brata Ganguly, Independent Director, acts as the Chairman of the Committee.

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3.3.3 Meeting and the attendance during the year

The Committee met 4 times during the Financial Year ended 31 March 2015 on 29 April 2014, 30 July 2014, 6 November 2014 and 16 March 2015 to discharge its functions. The members attended the meetings as follows:

Name of the Directors	Number of meetings attended/held
Mr. Satya Brata Ganguly	4/4
Mr. Mayank Poddar	4/4
Mr. Sanjay Chamria	4/4

M/s. Niche Technologies Private Limited, D-511, Bagree Market, 5th Floor, 71, B. R. B. Basu Road, Kolkata - 700 001, are the Registrar and Share Transfer Agent both for physical as well as electronic mode. Mr. Kailash Baheti, Company Secretary, acts as the Compliance Officer. The table below gives the number of complaints received and resolved during the year and pending as on 31 March 2015.

Number of Complaints		
Received	Resolved	Pending
4	4	Nil

3.4 Nomination and Remuneration Committee

3.4.1 Terms of reference

Some of the important terms of reference of the Committee are as follows:

1. Devising a policy on Board diversity and recommending the size and an optimum mix of promoter directors, executive, independent and non-independent directors keeping in mind the needs of the Company;
2. To formulate the criteria for:
 - a. determining qualifications, positive attributes and independence of a director; and
 - b. evaluation of independent directors and the Board.
3. Identifying, evaluating and recommending to the Board:
 - a. Persons who are qualified for appointment as Independent and Non-Executive Directors/ Executive Directors/ Wholetime Directors/ Managing Directors in accordance with the criteria laid down;
 - b. Appointment of Senior Management Personnel (all the Direct Reportees to the Managing Director) in accordance with the criteria laid down; and
 - c. Removal of Directors and Senior Management Personnel.
4. Determining processes for evaluating the skill, knowledge, experience, effectiveness and performance of individual directors as well as the Board as a whole;
5. Recommending Budget for Board related expenses;
6. To devise a Policy on remuneration including any compensation related payments of the directors, key managerial personnel and other employees and recommend the same to the Board of Directors of the Company;
7. Based on the Policy as aforesaid, determine remuneration packages for the following:
 - a. Recommend remuneration package of the Directors of the Company, including Sitting Fees and other expenses payable to Non-Executive Directors of the Company;
 - b. Recommend changes in compensation levels and one time compensation related payments in respect of Managing Director/Wholetime Director/Executive Director;
 - c. Approve remuneration packages and service contract terms of Senior Management (all the Direct Reportees to the Managing Director) including the structure, design and target setting for short and long term incentives / bonus; and
 - d. Approve framework and broad policy in respect of all employees for increments.
8. Employee Stock Option Plan - approve subscription and allotment of shares to the eligible employees under the shareholders' approved Employee Stock Option Plan Schemes;
9. Contracting Professional help to advise the Committee on matters relating to the terms of reference of the Committee requiring independent input from outside experts;

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10. a. Recommend & Review succession plans for Managing Directors; and
 - b. Review and approve succession plans for Senior Management (all the Direct Reportees to the Managing Director).
11. Evolve a policy for authorising expenses of the Chairman and Managing Director of the Company; and
12. Conduct annual review of every director's performance, the Committee's performance and effectiveness at the Board level.

3.4.2 Composition

Sl No.	Name of the Members	Category
1.	Mr. Neil Graeme Brown	Independent, Non-executive
2.	Mr. Narayan K. Seshadri	Independent, Non-executive
3.	Mr. Nabankur Gupta	Independent, Non-executive
4.	Mr. Mayank Poddar	Promoter, Executive
5.	Mr. Sanjay Chamria	Promoter, Executive

Mr. Neil Graeme Brown, an Independent and Non-executive Director, acts as the Chairman of the Committee.

3.4.3 Meeting and the attendance during the year

The Committee met 4 times during the Financial Year ended 31 March 2015 on 6 May 2014, 1 July 2014, 5 November 2014 and 3 February 2015 to discharge its functions. The members attended the meetings as follows:

Name of the Directors	Number of meetings attended/held
Mr. Neil Graeme Brown	4/4
Mr. Narayan K. Seshadri	4/4
Mr. Nabankur Gupta	3/4
Mr. Mayank Poddar	3/4
Mr. Sanjay Chamria	4/4

3.5 Fair Practices Code Committee**3.5.1 Terms of reference of the Committee**

The Fair Practices Code Committee reviews the adoption of the Code of Fair Practice so as to comply with the circular issued by the Reserve Bank of India for Non Banking Financial Companies in this regard.

3.5.2 Composition

Sl No.	Name of the Members	Category
1.	Mr. Mayank Poddar	Promoter, Executive
2.	Mr. Sanjay Chamria	Promoter, Executive
3.	Mr. Satya Brata Ganguly	Independent, Non-executive

Mr. Satya Brata Ganguly, Independent Director, acts as the Chairman of the Committee.

The Committee met once during the year on 30 March 2015 to discharge its functions.

Name of the Directors	Number of meetings attended/held
Mr. Satya Brata Ganguly	1/1
Mr. Mayank Poddar	0/1
Mr. Sanjay Chamria	1/1

3.6 Investment Committee**3.6.1 Terms of reference of the Committee**

The Investment Committee evaluates all business opportunities that may arise and recommends the same to the Board for its consideration.

3.6.2 Composition

Sl No.	Name of the Members	Category
1.	Mr. Sanjay Nayar	Non-Independent, Non-executive
2.	Mr. Narayan K. Seshadri	Independent, Non-executive
3.	Mr. Nabankur Gupta	Independent, Non-executive
4.	Mr. Sanjay Chamria	Promoter, Executive

Mr. Sanjay Nayar acts as the Chairman of the Committee.

The Committee meets as and when required. During the year no meeting was held.

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3.7 Corporate Social Responsibility (CSR) Committee

3.7.1 Terms of reference

Some of the important terms of reference of the Committee are as follows:

- i. Formulation and ensuring compliance of CSR Policy;
- ii. Identifying the CSR activities and the geographic distribution of CSR ;
- iii. Identifying structure for CSR implementation;
- iv. Execution, implementation, monitoring and reporting of CSR activities;
- v. Such other acts as may be delegated by the Board from time to time.

3.7.2. Composition

Sl No.	Name of the Members	Category
1.	Mr. Mayank Poddar	Promoter, Executive
2.	Mr. Sanjay Chamria	Promoter, Executive
3.	Mr. Satya Brata Ganguly	Independent, Non-executive

Mr. Mayank Poddar, Executive Director, acts as the Chairman of the Committee. The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

3.7.3. Meeting and the attendance during the year

The Committee met once during the year on 9 January 2015 to discharge its functions. The members attended the meeting as follows:

Name of the Directors	Number of meetings attended/held
Mr. Mayank Poddar	1/1
Mr. Sanjay Chamria	1/1
Mr. Satya Brata Ganguly	0/1

4. SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year the Independent Directors met on 3 February 2015 to discuss the following:

- Review the performance of Non-Independent Directors & the Board as a whole;

- Review the performance of the Chairperson of the Company, taking into account the views of executive directors and non- executive directors; and
- To assess the quality, quantity and timeliness of flow of information between the Company management & the Board that is necessary for the Board to effectively & reasonably perform their duties.

All the Independent Directors were present at the Meeting.

5. REMUNERATION POLICY

Based on the recommendation of the Nomination and Remuneration Committee (NRC), the Board of Directors has adopted a Remuneration Policy which, inter alia, deals with the manner of selection of Board of Directors and Vice Chairman & Managing Director and their remuneration. The remuneration policy is in consonance with the existing industry practice. This Policy inter alia includes the following:

1. Selection criteria for directors, senior management personnel and key managerial personnel of Magma:

- 1.1. Apart from promoter directors Magma currently has no Executive Director/s. Selection of Executive Director/s shall be in line with the selection criteria laid down for independent directors, in so far as those criteria are not inconsistent with the nature of appointment; Nomination and Remuneration Committee (NRC) is responsible for identification, shortlisting and recommending candidature of person for the position of Managing Director to the Board of Directors of the Company;
- 1.2. Nominee Directors shall be taken on Board, as and when nominated by the investor/s to protect such investor/s interests and such appointments shall usually be governed by the investment/ subscription agreement/s the Company has/will have with such investor/s;
- 1.3. Independent Directors will be selected on the basis of identification of industry/ subject leaders with strong experience. The advisory area and therefore the role, may be defined for each independent director;

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- 1.4. In Magma, Senior Management Personnel shall consist of Excom group. It usually comprises of the function and business heads who directly reports to Vice-Chairman & Managing Director;
- 1.5. For any Senior Management Personnel recruitment, it is critical to identify the necessity for that role. In order to validate the requirement-
- a. Job Description (JD) along with profile fitment characteristics from a personality, experience and qualification point of view shall be created;
 - b. Selection shall happen through referrals from Board members, industry leaders or leading search firms;
 - c. The recruitment process shall generally involve meetings with Vice Chairman & Managing Director (VC & MD) and/or identified members of the NRC basis which the candidature will be finalised; and
 - d. On the lines of broad inputs provided by NRC, there shall be a compensation discussion and resulting fitment, based on overall positioning with respect to the market, internal parity and structure of the compensation offer (which includes fixed and variable pay components). Thereafter, the offer shall be rolled out.
- 2. Determination of qualification, positive attributes and independence test for the Independent directors to be appointed.**
- 2.1. For each Independent Director, the appointment shall be based on the need identified by the Board;
 - 2.2. The role and duties of the Independent Director shall be clearly specified by highlighting the committees they are expected to serve on, as well as the expectations of the Board from them;
 - 2.3. At the time of selection, Board shall review the candidature on skill, experience and knowledge to ensure an overall balance in the Board so as to enable the Board to discharge its functions and duties effectively;
 - 2.4. Any appointment of the Independent Director shall be approved at the meeting of the shareholders, in accordance with extant laws;
- 2.5. Director's Independence test shall be conducted as per the conditions specified in the Companies' Act and the rules thereunder;
- 2.6. The remuneration of the Directors shall be established on the reasonability and sufficiency of level in order to attract, retain and motivate the Directors; and
- 2.7. VC & MD along with Company Secretary shall be involved in the familiarisation/ induction process for the independent director/s.
- 3. Remuneration policy for the Directors (including Independent Directors), key managerial personnel and senior management personnel:**
- 3.1. The Independent Directors would be paid sitting fees subject to the limits prescribed under the Companies Act, 2013, or any amendments thereto, as may be determined by NRC from time to time, for attending each meeting(s) of the Board and Committees thereof;
 - 3.2. Directors shall be reimbursed any travel or other expenses, incurred by them, for attending the board and committee meetings;
 - 3.3. Additionally, the Independent Directors shall be paid remuneration by way of commission for each financial year:
 - a. Total commission pay out to all independent directors in aggregate shall be restricted to a limit of 1% of net profits of the Company, further subject to recommendation by the NRC and determination by the Board, as further subject to approval by the shareholders of the Company at the Annual General Meeting; and
 - b. NRC shall recommend quantum of commission which, in its best judgement and opinion is commensurate to the level of engagement each Independent Director would have with the members of Senior Management Personnel and/ or other Board members, towards providing inputs, insights and guidance on various matters of importance from time to time.
 - 3.4. The remuneration paid to VC & MD shall be considered by the NRC taking into account various parameters included in this policy document and

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recommended to the Board for approval. This shall be further subject to the approval of the Members at the next General Meeting of the Company in consonance with the provisions of the Companies Act, 2013 and the rules made thereunder;

- 3.5. For KMP and Senior Management Personnel, remuneration shall be based on the KRAs identified and the achievement thereof. The increments shall usually be linked to their performance as well as performance of the company:
 - a. The increment on fixed salary would correspond to the percentage increase with respect to the final performance rating as per the agreed salary increment grid; and
 - b. In addition the Company has put in place MESOP 2007 and MRSOP 2014.
- 3.6. Magma has put in place a Long Term Bonus Policy for the VC & MD of the organisation (Policy for Payment and Computation of Long Term Bonus to Certain Identified Employees). This policy provides for the computation of long term bonus, which forms part of overall remuneration of the VC & MD and is linked to the performance of the organisation. In terms of this Policy, NRC discusses and finalises the quantum in terms of this policy and recommends payment to the Board for its approval.

6. FAMILIARISATION PROGRAMME FOR BOARD MEMBERS

At the time of appointing a Director, a formal letter of appointment is given to him/her, which inter alia explains the role, function, duties and responsibilities expected of him/her as a Director of the Company. The Director is also explained in detail the compliances required from him under the Companies Act, 2013, Clause 49 of the Listing Agreement and other relevant regulations and his affirmation taken with respect to the same.

Further, with a view to familiarise him with the Company's Operations, the Director is also given an induction kit which shall include at the minimum:

- Mission, Vision and Values of Magma
- Group Business Structure

- Brief profile of the Board of Directors
- Composition of Committees of the Board
- Brief profile of Senior Managerial Personnel
- Press Releases for last two quarters
- Investor Presentation
- Latest Annual Report
- Latest Shareholding Pattern and Shareholders holding more than 5% of shares
- Codes and Policies
- Remuneration payable to Directors

and other relevant information pertaining to the Company's business.

The Vice Chairman & Managing Director also has a one-to-one discussion with the newly appointed Director. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him to effectively fulfill his role as a Director of the Company.

The details of such Familiarisation Programme for directors may be referred to, at the website of the Company at its weblink i.e. <https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/>.

7. BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has adopted the Remuneration Policy with the comprehensive procedure on performance evaluation. Chairman of the Nomination and Remuneration Committee, who is an Independent Director of the Board conducted a one-to-one session with each Director to understand their points of view on the parameters for performance evaluation .

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board

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and its Committees, Board culture, execution and performance of specific duties, obligations, - financial reporting process and monitoring activities, ethics and compliances.

Performance parameters for the Board as a collective body, included parameters like, qualification and diversity of Board members, method and criteria for selection of independent directors to ensure independence, availability, appropriateness, clarity of understanding on risk scenarios faced by the Company, existence, sufficiency and appropriateness of policy on dealing with potential conflicts of interest, involvement of Board members in long-term strategic planning etc.

Based on these criteria, the performance of the Board, various Board Committees, Chairman and Individual Directors(includingIndependentDirectors)wasfoundto be satisfactory.

Independent Directors has conducted its meeting without the participation of other Non-Independent Directors and members of management and reviewed the performance of Board, its Committee, Chairman and individual Directors. On the basis of the review by the Independent Directors, they hold unanimous opinion that the Non-Independent Directors, including the Chairman to the Board, have abundant knowledge in their respective fields and are experts in their areas.

8. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 36 of Standalone Financial Statements, forming part of the Annual Report.

The Policy on Related Party Transactions as approved by the Board has been uploaded on the Company's website.

The said Policy may be referred to, at the website of the Company at its weblink i.e. <https://magma.co.in/>

[about-us/investor-relations/secretarial-documents/download-secretarial-documents/](https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/).

9. SUBSIDIARY COMPANIES

All subsidiary companies are Board managed with their Board's having the rights and obligations to manage such companies in the best interest of the stakeholders. The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. As a good corporate governance, the company has formulated and adopted a policy on material subsidiaries.

The Policy on Material Subsidiaries as approved by the Board has been uploaded on the Company's website.

The said Policy may be referred to, at the website of the Company at its weblink i.e. <https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/>.

10. VIGIL MECHANISM / WHISTLE BLOWER

In terms of the Section 177 of the Companies Act, 2013 read with rules made thereunder, Clause 49 of the Listing Agreement and revised RBI Guidelines, the Company has framed a 'Breach of Integrity and Whistle Blower Policy' with an objective to deal with issues pertaining to integrity, encouraging the employees and directors of the Company to raise any concern about Company's operations and working environment, including possible breaches of Company's policies and standards, without fear of adverse managerial action being taken against such employees.

It provides a channel to the employees and directors to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of any code of conduct or policy in force. Instances of such suspected or confirmed incident of fraud/misconduct may be reported on the designated email id i.e. fraudcontrol@magma.co.in which is managed by the fraud control team.

A Disciplinary Committee has been constituted which looks into the complaints raised and their redressal. The Committee reports to the Audit Committee.

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The mechanism also provides for adequate safeguards against victimisation of employees to avail of the mechanism and in exceptional cases direct access to the Chairman of the Audit Committee to report instances of fraud/misconduct. During the year under review, no employee was denied access to the Audit Committee.

The Policy has been uploaded on the website of the Company.

The said Policy may be referred to, at the website of the Company at its weblink i.e. <https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/>

11. DISCLOSURES

There was no material transaction with related parties. None of the transactions recorded were in conflict with the interests of the Company. The details of related party transactions are disclosed in Notes to the Standalone Financial Statements in Note No. 36

The Company received sufficient disclosures from Promoters, Directors or the Management wherever applicable. The Company complied with the statutory rules and regulations including those of the SEBI and the Stock Exchanges. There was no default on any related issue during last three years.

12. MEANS OF COMMUNICATION WITH SHAREHOLDERS

Quarterly results

The quarterly/ half yearly/ annual un-audited/ audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors. These results are simultaneously posted on the web address of the Company at www.magma.co.in pursuant to Clause 54 of the Listing Agreement.

The results of the Company were published in the following local and national dailies:

1. Aajkaal (Vernacular language)
2. The Financial Express (English language)

Website

The Company's web address is www.magma.co.in. The

website contains a complete overview of the Company. The Company's Annual Report, financial results, details of its business, shareholding pattern, compliance with Corporate Governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, the distribution schedule, credit ratings and Code of Conduct are uploaded on the website.

Presentations to institutional investors / analysts:

During the FY 2014-15, Analyst Conference Calls were conducted by Mr. Sanjay Chamria (Vice Chairman and Managing Director) on 8 May 2014, 1 August 2014, 7 November 2014 and 5 February 2015. Presentations to Institutional Investor/ Analysts and transcript of Analyst Conference Calls are also uploaded on the Company's website www.magma.co.in.

Press releases

Press reports are given on important occasions. They are sent to Stock Exchange and also placed on the Company's website www.magma.co.in.

NSE Electronic Application Processing System (NEAPS)

The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre')

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

13. MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

The MDA section is carried in detail and attached herewith.

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14. GENERAL BODY MEETINGS**a) Location and time of the last three Annual General Meetings**

Year	Venue	Day and date	Time	Number of Special Resolutions passed
2011-12	Kala Kunj Auditorium, 48, Shakespeare Sarani Kolkata – 700 071	Thursday, 12 July 2012	3.00 P.M.	No special resolution was passed in the meeting
2012-13	Citadel 1, First Floor, Eco Hub, Ecospace Business Park, Ambuja Realty, Plot No. 2F/11, Rajarhat, Kolkata – 700 156	Thursday, 18 July 2013	3:00 P.M.	No special Resolution was passed in the meeting
2013-14	Kala Kunj Auditorium, 48, Shakespeare Sarani, Kolkata – 700 071	Thursday, 31 July 2014	3:00 P.M.	No special resolution was passed in the meeting

b) Postal Ballot

During the year the Company had conducted three Postal Ballots on 8 May 2014, 23 August 2014 and 27 February 2015 respectively pursuant to Section 110 of the Companies Act, 2013, (the Act) read with Companies (Management and Administration) Rules, 2014. Mr. Atul Kumar Labh, Practicing Company Secretary (FCS-4848 / CP-3238) of M/s. A.K. Labh & Co., Company Secretaries, Kolkata, was appointed as the Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner.

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Equity Listing Agreement the Company had provided to the members, the facility to exercise their right to vote by electronic means.

The following resolutions were passed with requisite majority:

Date of declaration of the result of Postal Ballot	Type of Resolution passed	Particulars of Resolution	% of votes cast in favour of resolution
17 June 2014	Special Resolution	a) Borrowing Powers of the Board of Directors under Section 180(1)(c) of the Companies Act, 2013 upto ₹ 25000 Crores;	99.97
		b) Creation of Charges on the movable and immovable properties of the Company under Section 180(1)(a) of the Companies Act, 2013, both present and future, in respect of borrowings;	99.97
		c) Issuance of debt securities pursuant to Sections 42, 71 and 180(1)(c) of the Companies Act, 2013 upto an overall ceiling of ₹ 2200 Crores on Private Placement Basis; and	99.99
		d) Authorisation for raising finance through issue of Securities pursuant to Section 62(1)(c) of the Companies Act, 2013.	99.97

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Date of declaration of the result of Postal Ballot	Type of Resolution passed	Particulars of Resolution	% of votes cast in favour of resolution
25 September 2014	Special Resolution	a) Approval of Magma Restricted Stock Option Plan 2014	99.93
		b) Revision in the Remuneration of Mr. Sanjay Chamria, Vice Chairman and Managing Director of the Company	99.99
	Ordinary Resolution	c) Appointment of Mr. Neil Graeme Brown as an Independent Non- Executive Director of the Company	99.99
		d) Appointment of Mr. Narayan K Seshadri as an Independent Non- Executive Director of the Company	99.99
		e) Appointment of Mr. Nabankur Gupta as an Independent Non- Executive Director of the Company	99.99
		f) Appointment of Mr. Satya Brata Ganguly as an Independent Non- Executive Director of the Company	99.99
		g) Change in terms of appointment of Mr. Sanjay Nayar from non-rotational to rotational director.	99.99
1 April 2015	Special Resolution	a) Issue and Offer of Cumulative Redeemable Non-Convertible Preference Shares on a Private Placement basis.	99.92

The results of Postal Ballot were uploaded on the Company's website www.magma.co.in and communicated to BSE Limited and National Stock Exchange of India Limited.

The Company proposes to pass special resolutions through postal ballot for the following items:

1. Subscription by Magma Fincorp Limited ("Company") to 2070 Redeemable Zero Coupon Non-Convertible Debentures issued by Celica Developers Private Limited ("Celica"); and
2. Adoption of new set of Articles of Association of the Company;

None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

15. SHAREHOLDERS' INFORMATION

The Shareholders are kept informed by way of mailing of Annual Reports, notices of Annual General Meetings, Extra Ordinary General Meetings, Postal Ballots and other compliances under the Companies Act, 2013. The Company also regularly issues press releases and publishes quarterly results.

a) Listing of shares

The Equity Shares of the Company are listed on

Name of Stock Exchanges	Stock code
National Stock Exchange of India Limited (NSE) 5, Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.	MAGMA
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	524000

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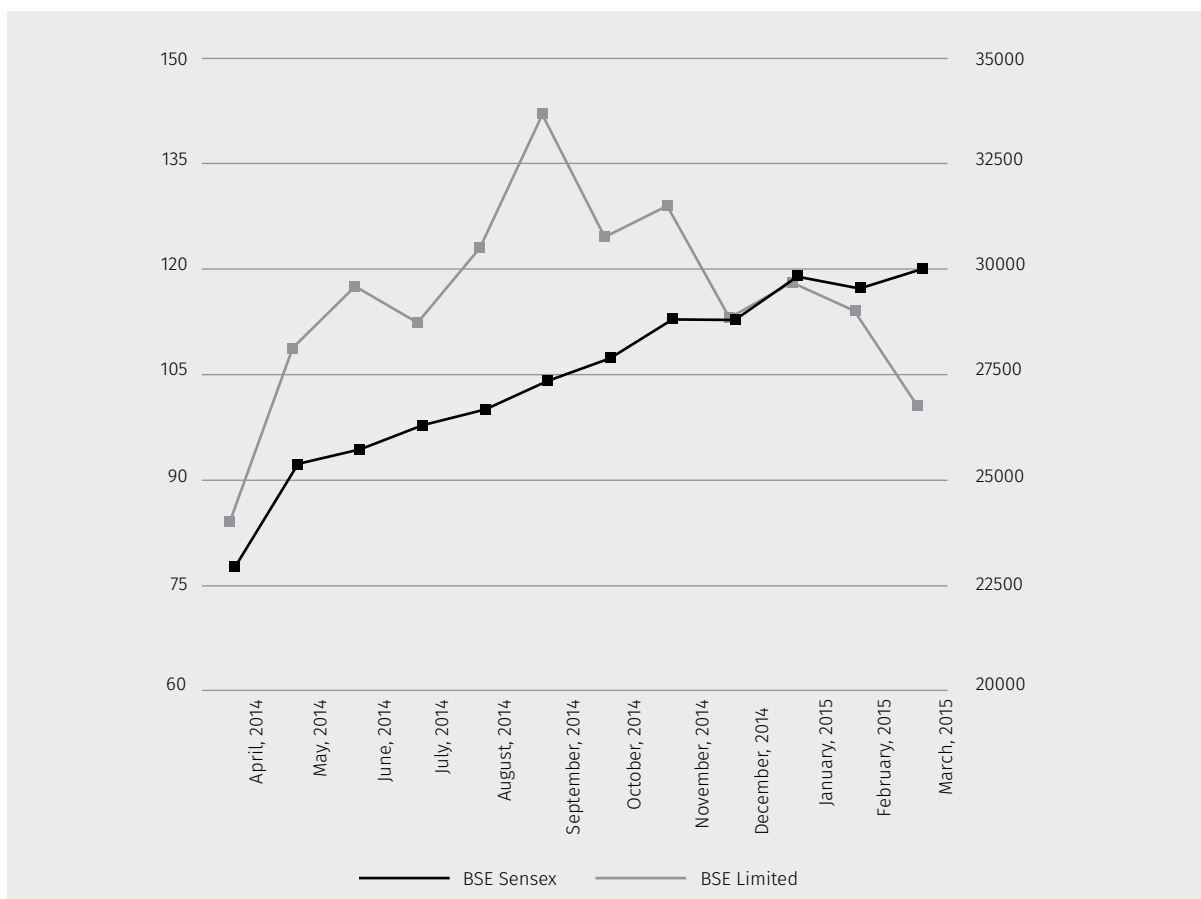
The Company has paid Annual Listing fee for the FY 2014–15 for both NSE and BSE.

b) Market price data

Monthly high and low quotation during 1 April 2014 to 31 March 2015 is given in the table below:

Year	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2014	84.00	66.10	83.90	68.00
May, 2014	108.65	72.25	109.00	72.00
June, 2014	117.45	89.50	117.00	89.55
July, 2014	112.25	91.90	112.40	91.45
August, 2014	122.95	93.80	123.00	93.60
September, 2014	142.00	113.00	141.00	110.10
October, 2014	124.50	110.00	124.35	110.25
November, 2014	128.95	105.10	125.00	105.00
December, 2014	112.95	92.00	112.90	90.35
January, 2015	118.00	103.65	118.00	102.45
February, 2015	113.95	93.35	104.05	90.25
March, 2015	100.50	81.55	101.10	81.90

c) Magma Share Performance



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d) Company's registered office	: "Magma House", 24, Park Street, Kolkata – 700 016
e) Address for correspondence for Shares/ Debentures and related matters	: Mr. Kailash Baheti/ Ms. Shabnum Zaman Secretarial Department "Magma House", 7th Floor, 24, Park Street, Kolkata – 700 016 Tel No. +91 33 4402 7736 Email Id: secretary@magma.co.in/shabnum.zaman@magma.co.in
f) Registrar and Share Transfer Agent	: Niche Technologies Private Limited D-511, Bagree Market, 5th Floor 71, B.R.B.Basu Road, Kolkata - 700 001 Tel No. +91 33 2235 7270 / 7271, +91 33 2234 3576 Fax No. +91 33 2215 6823 Email Id: nichetechpl@nichetechpl.com
g) AGM details	:
Date	:
Venue	: As per the Notice calling the Annual General Meeting
Time	:
h) Book Closure date	: 27 July 2015 to 1 August 2015 (both days inclusive).
i) Financial calendar (tentative)	:
Financial reporting for the quarter ending	:
1st quarter ending 30 June 2015	: Last week of July 2015
2nd quarter ending 30 September 2015	: First week of November 2015
3rd quarter ending 31 December 2015	: Last week of January 2015
4th quarter ending 31 March 2016	: Last week of April 2016
Annual General Meeting for the year ending 31 March 2016	: Last Week of September 2016

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- j) Dividend payment date and rate** :
1. **On Equity Shares @ 40% i.e. Re. 0.80 per Equity Share of the face value of ₹ 2/- each;**
 2. **On Preference Shares:**
 - a) 9.7 % i.e. ₹ 9.70 pro-rata per share dividend on 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 20/- each for the period from 1 April 2014 to 16 February 2015 (Both days inclusive) ; The shares were then fully redeemed on 17 February 2015.
 - b) 3.61% i.e. ₹ 3.61 pro-rata per share dividend on 65,00,999 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 60/- each for a day i.e, 1 April 2014 and 3.61% i.e. ₹ 3.61 pro-rata per share dividend on 65,00,999 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 40/- each (reduced to ₹ 40/- upon redemption of 3rd instalment of ₹ 20/- each on 2 April 2014) for the period from 2 April 2014 to 31 March 2015 (both days inclusive).
 - c) 12% i.e. ₹ 12/- per share dividend on 25,00,000 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- each.
 - d) 9.6% i.e. ₹ 9.60 per share dividend on 10,00,000 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- each.
 - e) 0.50% i.e. Re. 0.50 pro-rata per share dividend on 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 40/- each for the period from 1 April 2013 to 16 February 2014 (both days inclusive) and 0.50% i.e. Re. 0.50 pro-rata per share dividend on 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 20/- each (reduced to ₹ 20/- upon redemption of 4th instalment of ₹ 20/- each per share on 17 February 2014) for the period from 17 February 2014 to 31 March 2014 (both days inclusive).
 - f) 11% i.e. ₹ 11/- per share dividend on 36,00,000 Cumulative Redeemable Non-Convertible Preference Shares of ₹ 100/- each.

The dividend will be paid on or after the AGM date.

- k) Contact person for clarification on Financial Statements** :
- For clarification on Financial Statements, kindly contact:
 Mr. Rajesh Singhanian,
 24, Park Street, Kolkata - 700 016.
 Tel: +91 33 4401 7200/ +91 33 4402 7750
 Email: rsinghanian@magma.co.in

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l) Distribution of shareholding as on 31 March 2015

Particulars	Number of shareholders	Number of shares held	Percentage of shareholding
Up to 500	12843	14,07,720	0.74
501 – 1,000	863	7,18,203	0.38
1,001 – 5,000	883	19,36,976	1.02
5,001 – 10,000	130	9,81,310	0.51
10,001 – 50,000	166	38,94,985	2.05
50,001 – 1,00,000	29	20,05,859	1.05
1,00,001 – and above	41	17,94,80,822	94.25
TOTAL	14955	19,04,25,875	100.00

Pattern of shareholding as on 31 March 2015

Category	Number of shares	Percentage
Promoter and Promoter Group	6,39,31,963	33.57
Resident individuals	1,04,19,728	5.47
Foreign holdings	10,58,41,582	55.58
Public financial institutions and banks	1,57,404	0.08
Other Companies / Mutual Funds	88,45,778	4.65
Trusts	12,29,420	0.65
TOTAL	19,04,25,875	100.00

m) Demat facility

: The Company's shares enjoy demat facility with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) having the following ISIN Nos. for Equity Shares and Preference Shares :-

- INE511C01022 for 19,04,25,875 Equity Shares of ₹ 2/- each available since 16 January 2001;
- INE511C04018 for 9.70% 21,09,199 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- each. The same were then fully redeemed on 17 February 2015;
- INE511C04026 for 3.25% LIBOR 65,00,999 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- each;
- INE511C04042 for 12% 25,00,000 Cumulative Redeemable Non-Convertible Preference Shares of ₹ 100/- each;
- INE511C04059 for 11% 26,00,000 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- each; and
- INE511C04067 for 11% 10,00,000 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- each.

As on 31 March 2015, 18,91,09,550 Equity Shares constituting 99.31% of the total holding and 1,26,00,999 Preference Shares constituting 92.65% of the total holding of the Company were held in demat mode.

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n) Transfer of shares	: During the period, transfer of 9,945 Equity Shares was recorded by the Company. All transfers were affected within 30 days of receipt. Other than routine queries / requests, the Company did not receive any complaint during the period from the investors.
o) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	: As on 31 March 2015, there are no Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments.
p) E-mail ID of the Grievance Redressal Division/Compliance Officer exclusively for the purpose of registering complaints by investors	: secretary@magma.co.in/shabnum.zaman@magma.co.in.
q) Unclaimed Shares	: Pursuant to Clause 5A of the Listing Agreement shares held physically which may have remained unclaimed by shareholders due to insufficient/incorrect information or for any other reason should be transferred in demat mode to one folio in the name of “Unclaimed Suspense Account” with one of the Depository Participants. The Company has sent reminders to the concerned shareholders on 7 July 2014 to claim the unclaimed shares before transferring the unclaimed shares to the “Unclaimed Suspense Account” and thereby reducing the number of shares.
r) Debt Securities Listing	: The Wholesale Debt Market (WDM) Segment of BSE
s) Debenture Trustees	: GDA Trusteeship Limited Office No.1,2,3; 4th Floor, Rehematoola House 7 Homji Street, Off. P.M.Road, Fort Mumbai - 400 001 Tel: +91 22 4922 0502; Fax: +91 22 4922 0505 E-mail: dt@gdatrustee.com IDBI Trusteeship Services Limited Ground Floor, 17, R.Kamani Marg, Ballard Estate, Mumbai – 400001, Maharashtra, Tel: +91 22 4080 7000 ; Fax: +91 22 6631 1776/2262 5247 E-mail: itsl@idbitrustee.co.in
t) Payment of Listing Fees	: Annual listing fee for the year 2015-16 has been paid by the Company to BSE and NSE.

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Adoption of mandatory and non- mandatory requirements of Clause 49

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company has adopted four out of five non-mandatory requirements of Clause 49 of the Listing Agreements.

a) The Non-Executive Chairman's Office

The Chairman of the Company is an Executive Chairman thus this provision is not applicable.

b) Shareholders rights

Since the quarterly, half yearly and annual financial results of the Company are published in newspapers on an all India basis and are also posted on the Company's website, these are not sent individually to the shareholders of the Company. Further, significant events are informed to the Stock Exchanges from time to time and then the same is also posted on the website of the Company under the 'Investors' section. The complete Annual Report is sent to every Shareholder of the Company.

c) Audit qualifications

It is always the Company's endeavour to present unqualified Financial Statements. There is no audit qualification in the Company's Financial Statements for the financial year ended 31 March 2015.

d) Separate posts of Chairman and CEO

Mr. Mayank Poddar is the Chairman and Mr. Sanjay Chamria is the Vice-Chairman and Managing Director of the Company.

e) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

For and on behalf of the Board

Mayank Poddar

Chairman

DIN: 00009409

Kolkata
8 May 2015

FOCUSING ON FUNDAMENTALS

Independent Auditors' Certificate on Corporate Governance Report

To the Members of Magma Fincorp Limited

We have examined the compliance of conditions of corporate governance by Magma Fincorp Limited ('the Company'), for the year ended on 31 March 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange and the National Stock Exchange>(* together referred to as " the Stock Exchanges")

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

Akeel Master

Partner

Membership No.:046768

Place: Mumbai

Date: 8 May 2015

Certification as per Clause 49 (IX) of the Listing Agreement

4 May 2015

The Board of Directors
Magma Fincorp Limited
Magma House,
24, Park Street,
Kolkata – 700 016

We, the undersigned in our respective capacities as Vice Chairman and Managing Director, Chief Financial Officer and Chief Strategy Officer of Magma Fincorp Limited, certify to the Board in terms of requirements of Clause 49(IX) of the Listing Agreement that we have reviewed the Financial Statements and the Cash Flow Statement of the Company for the Financial Year ended 31 March 2015.

1. To the best of our knowledge and belief, we certify that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading.
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
 - (iii) There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
2. For the purpose of Financial Reporting, we accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
3. We have indicated to the Auditors and the Audit Committee:
 - (a) significant changes, if any, in the internal controls over financial reporting during the year.
 - (b) significant changes, if any, in the accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and
 - (c) instances of significant fraud, if any, of which we have become aware and the involvement therein, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For **Magma Fincorp Limited**

Sanjay Chamria
Vice Chairman & Managing Director

Atul Bansal
Chief Financial Officer

Kailash Baheti
Chief Strategy Officer

FOCUSING ON FUNDAMENTALS

Code of Conduct

5 May 2015

The Board of Directors
Magma Fincorp Limited
Magma House,
24, Park Street,
Kolkata – 700 016

Dear Sirs,

I, Sanjay Chamria, Vice Chairman and Managing Director of Magma Fincorp Limited hereby confirm that all Board Members and Senior Management Team have affirmed compliance with the “Code of Conduct for Directors and Senior Executives of the Company” for the year ended 31 March 2015.

Thanking You,

Yours sincerely,

For Magma Fincorp Limited

Sanjay Chamria

Vice Chairman & Managing Director
DIN:00009894

Management Discussion and Analysis Report

A. ECONOMIC AND INDUSTRY OVERVIEW

Economic Overview

The growth in GDP during 2014-15 is estimated to be at 7.4% as compared to growth of 6.9% in 2013-14, supported by slow improvement in industry and service sector, backed by some improvement in domestic demand. The dip in oil prices and the positive effects of the exchange rate movements helped the economy drift back to the path of recovery.

The possible headwinds to such promising prospects, however, emanate from factors like inadequate support from the global economy, saddled with subdued global demand conditions, particularly in Europe and Japan, the recent slowdown in China, on the domestic front from possible spill-overs of sub-par agricultural growth and the challenges relating to the massive requirements of skill creation and infrastructural up-gradation. Advance Estimates for 2014-15 suggest that though the global sluggishness has partly fed into the lacklustre growth in foreign trade; yet this downward pressure has been compensated by domestic demand.

The following were some of the sectoral highlights for 2014 -15:

- The 'Agriculture, Forestry & Fishing' sector is likely to show a growth of 1.1% in its GVA during 2014-15, as against the previous year's growth rate of 3.7%, as per the information furnished by the Department of Agriculture and Cooperation (DAC).

GVA-Gross Value Added is a measure in economics of the value of goods & services procured in an area, industry or sector of an economy.

- The estimated growth in the 'Manufacturing', 'Mining & Quarrying', 'Electricity, Gas & Water supply', and 'Construction' is estimated to be 6.8%, 2.3%, 9.6% and 4.5%, respectively, during 2014-15, as compared to a growth of 5.3%, 5.4%, 4.8% and 2.5%, respectively, in 2013-14.
- The estimated growth in GVA for the Trade, Hotels, Transport & Communication and services related to Broadcasting services during 2014-15 is placed at 8.4% as against a growth of 11.1% in the previous year. This is mainly on account of decline of 5.7% in the sales of commercial vehicles and growth in sales tax collection at 13.9% during April-December 2014 as compared to 19% in 2013-14.

- According to the latest estimates available on the Index of Industrial Production (IIP), the index of mining, manufacturing and electricity registered growth rates of 2.5%, 1.1 % and 10.7%, respectively during April-November, 2014-15, as compared to the growth rates of (-)2.1%, (-)0.4% and 5.4%, respectively during April-November, 2013-14. Private sector's contribution to the growth in the manufacturing during April-December 2014 was 8.0%.
- Financial, real estate and professional services sector, is expected to show a growth rate of 13.7% during 2014-15 as compared to growth rate of 7.9% in 2013-14. There was 11.5% growth in aggregate deposits and 10.5% growth in bank credit as on December 2014 as compared to 15.9% and 14.5% respectively, as on December 2013.

Industry Overview

The sale of new Passenger Cars & MUVs (Multi Utility Vehicles) recorded a growth of 3.9% during 2014-15 against 6.1% de-growth in 2013-14, mainly on account of growth in Passenger Cars & Utility Vehicles. Within the Passenger Vehicles segment, Passenger Cars and Utility Vehicles grew by 5.0% and 5.3% respectively, whereas, Vans dropped by 10.2% during 2014-15 compared to previous year.

All India sales of new Commercial Vehicles recorded a de-growth of 2.8% during 2014-15 against a de-growth of 20.2% in 2013-14. The improved performance was due to an upward trend in performance of M&HCVs (Medium & Heavy Commercial Vehicles), but the growth is still negative due to drop in LCVs (Light Commercial Vehicles) and SCV (Small Commercial Vehicles) segments in 2014-15. Medium & Heavy Commercial Vehicles (M&HCVs) witnessed a growth of 24.7% and LCVs & SCVs dropped by 2.2% and 13.1% respectively.

The Construction Equipment segment continued with a dip in sales for the second successive year. The sales witnessed a drop of 13.5% in 2014-15 against 18.7% in 2013-14.

Sales of tractors witnessed a de-growth of 13.0% in 2014-15 against a growth of 20.1% in 2013-14. Tractor demand for 2014-15 was subdued primarily due to a market slowdown.

The Indian Housing Finance market has crossed the ₹ 10 trillion mark translating into a steady growth of 17% (annualised) for 9M FY 2014-15. Given that there is still a large proportion of population which is still under-served by the traditional financial institution, there is still untapped potential for growth especially in certain segments like affordable housing.

FOCUSING ON FUNDAMENTALS

B. MAGMA IN 2014-15

Your Company ('Magma') has registered a reasonably good performance in FY 2014-15 inspite of the continuing challenges across most segments of the asset finance industry. Magma has always followed a policy of calibrating its strategy to focus on customers, products and locations which do not result in undue risk exposures for the Company. Concurrent with this philosophy, Magma has shifted focus to consolidation of the existing business and improvement of operational efficiency in FY 2014-15. Magma believes that the initiatives taken during the year will significantly enhance the ability to manage risk in a sustainable manner.

Magma has increased its total disbursements by 11% to ₹ 10,11,823.62 Lacs in FY 2014-15 compared to ₹ 9,08,066.96 Lacs in FY 2013-14. Total Assets under Management increased to ₹ 21,17,494.55 Lacs as on 31 March 2015 from ₹ 19,70,322.93 Lacs as on 31 March 2014 while total Loan Assets increased to ₹ 19,56,652.82 Lacs, as on 31 March 2015 from ₹ 17,87,728.77 Lacs as on 31 March 2014 having a growth of 9% YoY.

Magma has strategically reduced disbursements in commercial vehicles and construction equipment financing segments, which have struggled in both sales and delinquencies in the last couple of years. On the other hand, the Company has shown a strong disbursement growth in Mortgage, SME & Used Assets and a moderate growth in Tractor financing. Magma's diversified product portfolio enhances its ability to fine tune the disbursement growth strategy to reflect market realities. The change engineered in the product mix has resulted in an increase in the yields of the asset finance business. While overall gross yields on fresh disbursements increased by 10 bps to 16.51% during FY 2014-15, gross yields on loan book increased by 20 bps to 16.21% in FY 2014-15.

A brief overview of Magma's performance in key product segments:

- **Car:** Car financing comprise of around 26% of the total loan book. Magma has registered a 7% YoY decline in car finance disbursements. This is in line with FY 2013-14 when (Used Vehicles) UV sales showed a marginal decrease, UV sales growth has been comparatively muted in FY 2014-15.
- **Commercial Vehicle:** Magma has registered a 15% YoY decline in Commercial Vehicle (CV) finance disbursements This is a function of tightening of credit screens, coupled with primary sales de-growth in the respective segments. Magma has consciously reduced

its exposure in the CV financing segment over the last three years and the CV portfolio now comprise of only 13% of the total loan book.

- **Commercial Equipment:** Magma has registered a 9% YoY decline in Construction Equipment (CE) finance disbursements. CE along with CV has been the most impacted product segment due to the slowdown in commercial activity.
- **Tractor:** Magma has registered a 8% YoY growth in tractor finance disbursements, partly buoyed by increase in tractor sales and partly driven by its long term strategy to increase risk adjusted yields. Magma is currently the third largest tractor financing company in the private sector with a 9.1% market share of total tractor sales. Magma ITL ('MITL'), the JV between Magma and ITL, accounted for 23% of the total tractor disbursements done by Magma.
- **Used Assets:** Magma has registered a 13% YoY growth in Used Assets finance disbursements. This is mainly due to Magma's continued focus on high yield products. Used Assets financing comprises of 12% of the total loan book.
- **Mortgage Finance:** Magma has registered a 126% YoY growth in housing finance disbursements. The growth registered in the mortgage business mainly due to the roll out of the mortgage product in the existing branches of Magma and continued focus on cross-selling. Mortgage finance has contributed 17% of the total disbursements and 15% in the overall loan book by Magma in FY 2014- 15.
- **General Insurance:** Magma HDI General Insurance Company Limited ('MHDI'), the general insurance JV between Magma and HDI Gerling, has reported Gross Written Premium (GWP) collections of ₹ 55,481.43 Lacs in FY 2014-15, registering a 29% growth YoY.

A good share of Magma's efforts in FY 2014-15 has been concentrated on improving the delinquency scenario, especially in the commercial vehicles and construction equipment segments. While Magma reported a collection efficiency of 95.2% for the full year, the numbers for H1 FY 2014-15 and H2 FY 2014-15 are 94.5% and 95.9% respectively. This demonstrates the improvement in the collection efficiency, driven primarily by initiatives taken by the Company in FY 2014-15. Magma expects to fully exploit the benefits of the initiatives taken in FY 2014-15 in the coming fiscal years also.

Reserve Bank of India (RBI) has issued the Revised Regulatory Framework for NBFCs on 10 November 2014 and the related notification on 27 March 2015 to address various

Management Discussion and Analysis Report

matters including harmonisation of asset classification and provisioning norms with that of Banks from present requirement of 6 months to 3 months in a phased manner over a period of 3 years starting from FY 2015-16. Magma has already started recognising NPAs at 4 months (120 days) since FY 2012-13 which makes it compliant with the requirements of FY 16-17. While these measures have resulted in higher provisioning requirements in FY 2014-15, Magma believes that early adoption will help the Company as it grows in size and becomes more systemically important. Magma also expects its provisioning requirements to reduce more sharply compared to its peers when the asset financing market situation improves.

Magma has rationalised the existing branch network in FY 2014-15 and the current network of 232 branches is well placed to drive the business growth when the market revives. It has also focused on exploiting the untapped potential of existing branches and has ensured that more products are available across our network. General insurance and mortgage finance products are available in 66 and 150 branches respectively. Both businesses have been launched in recent past and a key driver for the continued out performance of the two businesses in the near future would be the planned roll out of the products across the remaining Magma branches.

Magma has implemented numerous technological initiatives and shifted towards a higher level of automation to increase the efficiency of the Sales and Collections teams. These steps coupled with a higher level of branch network utilisation have resulted in an increase in operational efficiency.

FINANCIAL PERFORMANCE

(All figures are on consolidated basis unless specifically mentioned otherwise)

The Company has exhibited commendable performance and reported a Profit after Tax (PAT) of ₹ 18,726.58 Lacs in fiscal 2014-15 on consolidated basis compared to ₹ 15,963.18 Lacs in fiscal 2013-14 thereby registering an increase of 17%. The strong performance was driven by multiple initiatives taken to drive topline growth as well as measures to optimise the bottom line, thereby driving profitability.

Income from Operations during the year increased by 12.3% on consolidated basis from ₹ 2,09,641.44 Lacs last year to ₹ 2,35,477.93 Lacs this year. The Company's total Income grew by 12.7% from ₹ 2,11,769.30 Lacs to ₹ 2,38,597.96 Lacs. Judicious pricing decisions coupled with alterations in the product

mix designed to provide the optimum risk reward benefit led to increase in yields during the year 2014-15. Average lending rates on income earning loan assets improved by 32 bps to 16.14% during FY15 versus 15.82% last year.

The Interest and Finance charges of Company increased from ₹ 1,17,707.18 Lacs in fiscal 2013-14 to ₹ 1,23,293.57 Lacs in 2014-15, an increase of 4.7% on consolidated basis.

There has been an increase in Personnel Costs by 48.9%, Brokerage & Commission by 14.6% and depreciation and amortisation expenses by 4.2%. However operating expense has reduced by 6%. Further steps had been taken to improve collection efficiency and other initiatives on the technology and organisational front to prepare the Company for the next phase of growth. Opex ratio increased from 3.27% in FY 14 to 3.66% in FY15.

Better interest cost management and a prudent mix of products financed helped the Company to increase Net Interest Margin (NIM) by 65 bps from 5.51% to 6.16% during the year 2014-15.

On Standalone basis, the total Capital Risk Adequacy Ratio (CRAR) for the year 2014-15 was 16.3%, against the RBI stipulated norm of 15% for non-deposit taking Asset Finance Companies.

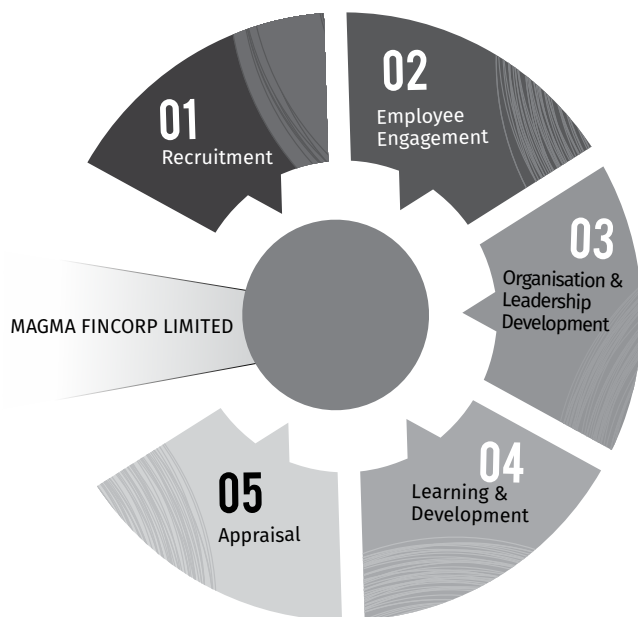
OUR PEOPLE OUR STRENGTH

The growing productivity of each team member reflects the success of our forward-looking endeavours that focus on the needs of the business as well as of those of our employees. These create a new narrative for the Company's growth and development – one that is people-driven and hence organisation centric

At Magma, our intellectual capital is a critical asset. We aim to attract, train and retain talent to create effective partnerships with and to fuel growth for the organisation. Our HR policies balance both business needs as well as those of the people sensitivities. Our practices and processes enable our people to deliver the best results, build upon their own capabilities, as also get recognised for their efforts.

To bring in greater order to process efficiencies within the company to enhance employee service levels, and further hone business outputs, we implemented a software for HR practices called 'PeopleSoft'. It facilitates achieving the following procedures - recruitment; employee engagement;

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organisation, leadership and development; learning and development; and appraisals – by automating them, and making them more efficient. Here's bringing to fore what we achieved in FY2014-15. As also what were our key areas of focus, development, innovation and improvement in HR practices.

Recruitment

In 2014-15, we focused on nurturing our talent-

- We focused on quality hires across mid and top management levels. The number was less than the previous year, primarily due to lower levels of attrition.
- We hired local people (those that understand regional attributes and languages), to work with greater efficiency in areas that are geographically isolated or difficult to reach.
- We also created a 'people pipeline', to result in faster and smarter hires.

Changes in recruitment procedures:

We have shifted our focus from 'processes' to 'people'. We have made sure that the end-to-end management of an individual in a particular location is done by the same team or HR personnel. Regional human resource managers in our organisation do not focus solely on hiring local talent but also ensure that employees' job tenures are smooth and harmonious. This change has helped us increase retention rates by understanding why people leave, and resulted in us changing our HR processes accordingly.

Employee engagement

During 2014-15, we arranged various employee engagement activities. Such activities helped strengthen relationships between members of the staff. We celebrated myriad festivals, prominent days and conducted online contests, to engage with them better.

Rendezvous

Our marquee event called 'Rendezvous' was organised across 12 locations with more than 4,000 participants. The highlights of this event were the business performance presentations; Value Workshops; Open House with the top management; rewards and recognitions for our high performing employees, long service awardees and employees' children for success in board examinations. The high point was the cultural events with performances wherein our talented employees competed for the top prize.

Parivaar-tan

We launched 'Parivaar-tan' which means 'a change in the family' to communicate alterations in HR policies. This included launching new and contemporised employee strategies, to enhance retention, belongingness and work-life balance. We helped our staff maximise their work time throughout the day, to enable them to become more productive.

Enhancing our integrity

We launched a number of awareness campaigns to guard against attempted fraud incidents. We also institutionalised the existing process, starting from whistle-blowing to strict investigation, to appropriate action that sends a message of zero tolerance in areas of fraud.

Leadership development

We focused on building capabilities at the top-most level with the following four core initiatives:

- Identification of high potential individuals
- Individual coaching through specialised trainers
- Strategic job rotation at senior levels
- 360° feedback aligned to competencies

We also began introducing similar initiatives to the next level in the organisation.

Management Discussion and Analysis Report

Learning and development (L&D):

In 2014-15, we launched our Learning Management System. All our training programmes were launched and managed through this. The system enables us to promote a blend of both classroom and e-learning initiatives (accessible through laptop and tabs) that ensures at least two mandays of training per person across the organisation, which is a sum-total of nearly 20,000 days!

Mandatory training: Through e-learning, we launched mandatory training programmes on organisational code of conduct, fair practices, values and company knowledge. Every employee had to undertake four programmes and two assessments and we achieved over 90% compliance across most functions.

Functional training: Several functional trainings were conducted by in-house trainers on various functional areas. These in-house trainers were first trained and certified by external subject-matter experts before imparting training to their respective employee groups. We also introduced e-learning programmes on tablets, focusing on anytime, anywhere learning, resulting in field-force education that is on-the-go.

Behavioural training: Among many soft skill training programmes run during the year our key highlight remained 'Synergy'. While the focus was on building cross functional appreciation to ensure working outside of silos, the uniqueness of the program lay in its end-to-end design that included pre-training expectation setting, a combination of individual & group learnings during the programme and post training peer groups' set up, to support and sustain the end results. This was followed up by measuring the Return-on-Expectation of the program, to comprehend its effectiveness.

Employee performance

We follow the time-tested, best practice of self, superior and review appraisal conducted online. However, for senior employees, we took the evaluation to an internal Talent Council. This gave us a comprehensive view of the seniors' performances. It also helped us introduce objectivity and build a leadership pipeline. Promotions were made through Assessment cum Development Centres managed in-house.

Our exciting plans for HR processes for 2015-16:

- We have made way for smarter hiring focusing on high quality and correct fit, especially at the local level
- More initiatives under the ambit of 'Parivaar-tan'. As well as additional pursuits to enhance employee retention and loyalty.

- Differentiated learning initiatives for employees with high potential and a history of high performance using a combination of methods that focus on anywhere-anytime learning
- 'Cascade goal-setting' for the middle management. We also focus on driving a culture that balances the needs of the business as well as those of people.

INFORMATION TECHNOLOGY

At Magma, Information Technology plays a vital role in enabling the business to transform and also run the day to day operations with precision. During 2014-15, we made significant strides in three important areas: enhancing our business applications, buliding robust IT Processes and in strengthening our infrastructure.

- Business Application Development: Robust delivery engine that translates business strategy to action.
 - Core Lending System and the Point of Collection system were upgraded. We also ported our collection applications onto modern mobile devices.
 - Implemented PeopleSoft as our Human Resource Management System
 - Enabled Sales force efficiency with Sales Tablet application and a Channel portal
 - Launched our Business Intelligence initiative
 - Several new projects on the insurance side such as Agent portal, Rating engine, Renewal automation.
- Built Robust IT Processes
 - Revised the IT Management policy; created the Information Security Policy.
 - Established Magma Service Desk for handling incidents and service requests
 - Created a Testing Center of Excellence with uniform testing practices
 - Established security standards; regular security testing of applications.

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- Established comprehensive vendor evaluation framework that helped close several new vendor decisions.
- Create Reliable Infrastructure
 - Built a state of the art data center and enabled DR capability for core applications.
 - Improved branch experience by upgrading network capabilities where required.
 - Revisited the procurement modalities in place for data center support.

Road ahead

Having laid the foundation as mentioned above, our focus during FY15-16 is to woven around three themes that have a distinct business enablement focus.

- Streamline Business Processes using IT as a lever
 - Enable the various organisation changes that help us reduce opex by streamlining the structure.
 - Run focused projects that have a significant impact on the turn around time for loan processing and insurance policy issuance
 - Implement a new core system leveraging a proven industry product
 - Modern platform for customer support
- Enable Execution Excellence by using data
 - Leverage single view of data for all reviews and drive analytics
 - Enhance field force apps to enable smarter decisions in the field
- Build the Organisation
 - Consolidate upon our Peoplesoft rollout
 - Employee Self Service & Employee Portals
 - Simplify user experience across applications
 - Ensure business confidentiality, data security

CORPORATE IMAGE BUILDING

The focus for Magma group in the year was largely on Below-the-Line tactical campaigns anchored around core business requirement. Visibility at dealership outlets and through sustained below the Line events – both multi product and dealer specific events were undertaken across business teams. The key focus in Sales activities revolved around MSTEP branding and activation – to bring a strong focus and awareness on the revamped sales process changes being undertaken across all Asset loan businesses. About 350 channels in all were branded through the year. In the Autolease business, we organised test drive campaigns and events for the corporate Auto lease customer segment at their premises, working closely with some car manufacturers.

In the housing business, Magma focussed on Affordable Housing projects by putting up hoardings at approved projects and those funded by us for Construction loans. A mega event was undertaken with the Orissa chapter of CREDAI – the Builders and developers association in Bhubaneswar, where Magma was the main Sponsor. “Shikhar”, an in-branch Cross selling initiative was launched across 10 states in the year with existing customer of ABF business invited and made spot sanctions for Homeloans. Magma Housing finance made 150 channel branding through Glow Sign Boards.

At Magma HDI, like the other businesses, the focus was more on local events and activities. 180 channels were branded with Signange boards. We also created a new specially designed channel kit that was shared with most of the Agencies, which was highly appreciated. A festive Radio campaign was undertaken around Diwali and Durga Puja covering five states.

CORPORATE SOCIAL RESPONSIBILITY

Magma has always believed in giving back the society in full spirit, not only through financial means but also in kind, and most importantly by continuously encouraging participation of Magmites in such endeavours. During the year the Company had been involved directly and indirectly in various philanthropic activities.

Magma contributed a sum of ₹ 27.5 Lacs to The Philanthropic Society of the Orthodox Church(PSOC) through the ‘Mumbai Marathon-Run for a noble cause’ campaign. Senior management team ran the strenuous 21 km half marathon and completed the same successfully. A pledge was made to raise funds for PSOC. The Magmites were encouraged

Management Discussion and Analysis Report

to donate generously towards this noble initiative, which they whole heartedly supported. The collective effort of the Magmaites had helped to build up a significant corpus. The donation will be used by PSOC for building classrooms for the higher classes. The noble endeavor of Magmaites will give these children a chance to reach their full potential and receive quality education in a disciplined, peaceful and intellectually stimulating environment.

24 passionate Magmaites joined thousands of people from all walks of life to participate in the Kolkata 25 Km Run. The event was held to support the underprivileged cancer patients of Tata Medical Centre, Kolkata. The participating Magmaites successfully completed the race and were awarded medallion of participation. Magma's participation was led by our Vice Chairman & Managing Director Mr. Sanjay Chamria. Magma further contributed ₹ 1.5 lac to the noble cause. The Support team members too stepped out in the morning chill to cheer the runners.

Magma intends to send a bigger team next year who can dedicate their run for a special cause.

Each year select Magmaites celebrates Diwali with less privileged children of the city and this year was no different. Soundless fire crackers and food packets were distributed to around 150-200 street children of Kolkata and Mumbai. The sheer joy of watching happy kids is cherished by everyone at Magma.

Magma also provides financial support to Akshaya Patra Foundation for running their school meal program. The Company is privileged to be a part of this noble initiative.

At Magma, we are dedicated to the cause of education and to the potential it holds to change lives for the better. We have partnered with Friends of Tribal Society for the Literacy Project and have adopted several schools in rural areas across the country. Ekal Vidyalaya is an innovative concept of One Teacher Schools (OTS), where one trained teacher educates children in the age group of 6-14 years for three hours every day using an informal methods of teaching.

With the firm belief that every child deserves the equality of purpose, Magma arranged for school essentials for students of two schools for the homeless children in Kolkata. Various articles like exercise books, drawing books, pencils, notebooks, crayons, eraser, pens etc. were handed to over 230 kids. The kids were overjoyed.

Christmas is a time of celebration, hope and laughter. To celebrate the spirit of the season, Magma hosted the 'Little

Angels' Christmas Party' for 85 children of The Philanthropic Society of the Orthodox Church (PSOC) on 24 December. The PSOC runs the Theotokos Girls' Hostel and the St. Ignatius Boys' Hostel, two orphanages to nurture and shelter orphan children. The kids also have access to high-quality education at the St. Ignatius English Medium School.

The Company has entered into an agreement with Petroleum Conservation Research Association (PCRA), a Government of India undertaking, in March 2015, for conducting driving habit improvement workshops to help trucker drivers save fuel and drive more safely. Magma has also tied up with a NGO/ Institution to provide dependable sanitation & medical health-check facilities at the Transport Nagars/ Mandis, in a sustainable manner. An ambitious target to cover a few thousand drivers across 12 Transport Nagars across the country will be undertaken through in the next year.

We have also been offering assistance to people suffering from various diseases like leukemia, cancer, tuberculosis etc, who are in need for financial support. We also support victims affected by natural calamities. In the recent past, we have extended our help to victims of Aila, Hudhud, Nepal earthquake, Uttarakhand disaster amongst others.

The lesser adjutant stork, a critically endangered migrant bird, is sighted in Bengal's only oxbow lake in Burdwan. The lake, spread across 10km in Purbasthali or Chupi Char, used to be a favourite habitat for migratory birds even a few years back. Overtime the lake became uninhabitable due to excessive filth and choking by hyacinth over the last decade. It would have remained deserted but for the initiative of two NGOs and Magma, that cleaned up much of the wetland. This has led to the return of the migratory birds, much to the delight of the birdwatchers and the locals.

On the occasion of World Environment Day, an initiative was launched to exhort car owners to ensure that their cars are PUC compliant. To facilitate this initiative for the general public and Magma employees, PUC vans were stationed at selected locations around Magma offices across 5 cities. Free PUC check was arranged for at these locations.

Magma is indeed proud to partner and would continue to, in its effort to create a happy society through various ongoing and innovative steps.

Apart from the above, as required by section 135 of the Companies Act, 2013, the details regarding CSR Committee, policy, amount spent etc. are mentioned in the related section of Director's Report.

FOCUSING ON FUNDAMENTALS

CUSTOMER RELATIONSHIP MANAGEMENT

Magma has a diverse product portfolio across asset financing, mortgage financing, SME financing, general insurance, and is positioned to provide a one stop solution to a wide range of financing requirements of its target customers. Magma's credit screens and processes are aligned to deliver superior customer service to the target customers who are largely first time buyers and small customers in deeper reaches of rural and semi urban India.

During the year we have taken initiatives to tap online queries of our potential customers and significantly increased our presence in social networking sites like Facebook, LinkedIn & Twitter. Our Facebook page for instance has attracted close to 185,000 likes. We are working on a number of digital initiatives in the coming year to make ourselves more customer centric which will translate into better customer experience, engagement and loyalty.

Magma continues to invest time and effort in systems and technology in further refining sales processes and systematic measurement of process metrics, aimed at improving efficiency and customer satisfaction. Significant investments in branch network, CRM processes, mobile technology and sales force automation will hold the key to winning customers in an ever increasing competitive environment.

INTERNAL CONTROL SYSTEMS

Magma has adequate internal control mechanism with well-defined structure and processes to prevent revenue loss and/or misappropriation of funds and other assets of the Company.

The Internal Audit function is vested with the responsibility of evaluating and reporting

- the adequacy and effectiveness of design of processes and internal controls in mitigating the business risks.
- the level of discipline in process compliance by various functions and process owners in their respective operations and business decisions.
- the modus operandi, internal / external involvement and collusion as well as corresponding process lapses / non-compliances by investigating the suspected fraudulent cases

The reviews are conducted periodically by the Internal Audit function covering range of business processes, functions and locations. The Board of the Company has constituted an Audit Committee, which is headed by a Non-Executive Independent Director. The Audit Committee periodically reviews internal audit reports and brings to the notice of the Board any significant process deviations.

OPPORTUNITIES

Over the last decade Magma has steadily diversified into new product segments which include tractor, used assets and mortgage finance and SME loans. During FY15, for the first time, these new product segments contributed more than 50% of fresh disbursements. Magma's focus on creating a diversified product mix coupled with increasing share of new product lines has created new opportunities for Magma.

The Indian Government is planning to implement multiple initiatives to drive infrastructure development. The prepared rollout of GST will provide an impetus to inter-state trade and commercial activity, while the implementation of infrastructure corridors, smart cities, road/train network development projects will lead to significant growth in industrial and commercial activities. Magma focuses on the self-employed non-professional customer segment in the semi urban and rural locations and these customer segments are expected to benefit significantly from the infrastructure driven growth impetus provided by the current government.

Technology has penetrated into rural India through the surge in usage of smartphones. Today India has the fastest growing smartphone market in the world. As rural India gets connected to the outside world, consumer awareness on formal channels of financing will increase this providing a platform for rural focused companies to chart new growth regions.

CHALLENGES

The government needs to push industry friendly regulations to provide a fillip to commercial activity. Inability or delay of the government in taking concrete steps to smoothen the policy making processes will result in a more prolonged economic recovery process.

The economic downturn has resulted in excess capacity in the segments driven by rural commercial activity. As a

Management Discussion and Analysis Report

result, the rural economy recovery is expected to be muted compared to the urban economy in the short term.

With GDP growth rates showing an upward trend over the last one year, competitive intensity in the financing industry is expected to increase resulting in irrational pricing in customer segments with good track records or proper documentation. The entry of payment banks and small banks can also result in increase in competitive intensity in the rural and semi-urban markets. While the market opportunity is huge for multiple players to co-exist, entities which are able to cater to the under-penetrated customer segments and have strong risk management abilities will be on a stronger footing.

OUTLOOK

After a prolonged economic slowdown during FY2013 and FY2014, the Indian economy has started showing signs of improvement in FY2015. While the recovery has not been as swift as seen in FY2011, there are signs of increase in commercial activity in both the urban and rural economies.

Faster and more effective decision making and implementation of various initiatives already launched by the incumbent government are key drivers for the economic recovery. Reduction in global crude oil prices and consumer inflation numbers has provided the Indian government with a window of opportunity to put in place the building blocks for a sustained growth trajectory. The completion of the first round of coal mine auctions, the passage of Mines and Mineral Amendment Act, ongoing process of launching small banks and payment banks are key growth drivers for the asset finance industry. The final regulations issued by RBI on PSL recognition norms and NPA recognition norms for NBFCs have provided clarity on long pending changes in the NBFC industry. While signs of recovery are clearly seen in certain product segments, FY2016 is expected to be a year of consolidation, so that the industry is ready for the next phase of growth. GDP growth is expected to improve on the back of proactive government initiatives and revival of commercial activity.

Magma remains confident of the long term growth prospects & opportunities ahead of it in each of its businesses and chosen customer segments. Magma believes that it is uniquely positioned within the NBFC industry to capitalise on the opportunities provided and shall continue to seek growth in its target market segments of rural and semi-urban India.

Magma feels that its blend of business model, infrastructure, technology, management bandwidth and field force, would lead to a sustainable high growth trajectory in future years to come.

RISK MANAGEMENT

Magma's Risk Management team of dedicated professionals uses latest statistical tools and software to help it benchmark against the best competitive practices of the industry and accordingly align its credit policies for every customer category in accordance with the organisation's own risk appetite and historical portfolio performance.

Whereas FY 2011 and FY 2012 saw Magma aligning its credit policies and service levels to compete with stiff market competition and customer demands in tune with the improved cash flows of the growing economy, successively FY 2013 onwards company is facing major challenges in respect of credit underwriting amidst the slowing economy and industry at large.

During these times concerns about market cash flow and primary sales loomed large with the slackening demand on the consumer side. However, by proactively adjusting lending norms in line with prevailing market conditions and operational viability across various customer categories, Magma maintained portfolio quality even with continued focus towards the most retail end of the market. Calculated risks taken on the back of strong portfolio analytics and risk forecasting helped Magma build a balanced portfolio of retail and strategic customers with optimum risk-return profile on wide range of assets.

Post formation of the new government at the Centre during the first quarter of FY 2015, the economic outlook has taken a positive turn which was reflected in positive growth of passenger car market. But shortage of market load during most part of FY 2015 as well as deficient monsoon continued to play spoilsport so far as the commercial vehicle and tractor markets were concerned. Positive cues about infrastructure development await implementation at project levels for the construction industry to look up and thereby translate into higher off-take of construction equipment.

Thus FY 2015 continued to show up challenges in respect of maintaining portfolio quality amidst limited customer cash flows. Magma's Risk Management team thereby worked with the help of experts to frame up portfolio monitoring mechanism that should enable the organisation to

FOCUSING ON FUNDAMENTALS

manage delinquency and net losses within organisational benchmarks.

Market risk

Magma's approach towards mitigation of market risk operate at two levels; namely -

- (a) Identification of the macro-economic indicators as relevant to Magma's lending business and
- (b) Establishing and regular monitoring of delinquency parameters at the portfolio level

Lead indicators

Lead macro-economic growth indicators that govern Magma's credit & risk policies are as follows:

1. Gross Domestic Product
2. Index of Industrial Production
3. Core Sector index
4. WPI Inflation
5. CPI Inflation

The above indicators have direct impact on customer cash flows and operational viability of a number of commercial assets that Magma funds; these are tracked very closely throughout the year to ensure portfolio level corrective steps from time to time.

Regular portfolio reviews by Magma's Risk Department that eventually reports to Magma's Risk Management Committee (RMC) ensures assessment of the evolving and changing market risks. The RMC meets at regular intervals to chalk out road-map in respect of building asset base as well as maintaining portfolio quality in the evolving market.

Operational risk management

Operational risk encompasses anything that is beyond credit or market risk and covers a wide range of the Company's activities. It involves alignment of all functions and verticals towards identifying the key risks in the underlying process. Each functional vertical does transaction testing to evaluate internal compliance and thereby lay down processes for further improvement. Thus, the approach is "bottom-up" ensuring acceptance of findings and faster adoption of corrective actions, if any, to ensure mitigation of perceived risks.

Over the past few years, Magma has undertaken following steps to minimise operational risk

- All processes are standardised and documented
- Clearly defined delegation of authority matrix
- Segregated credit and operations verticals to ensure effective maker and checker system
- Implementation of training calendar for all functions
- Easy access for all employees to various processes, rules, regulations and operating guidelines through web-based interactive system
- Internal audit process covering both on-site and off-site audit of branches and departments

In a nutshell, internal metrics form the key of risk management in Magma. The entire credit process is metrics-driven to achieve the risk-return goals and ensure a healthy portfolio in the years to come.

People Risk

As part of our processes Magma is vigilant to ensure that various possible people risks are anticipated and if at all occur, quickly mitigated. Some people risks that Magma focus on include :

Risks associated with recruitment:

- Not finding candidates with appropriate qualifications & experience, at affordable cost and in the location required.
- Cultural misfits.

Risks associated with employing people:

- Losing high performers / people in critical rolls.
- Compensation not commensurate with profile and role leading to dissatisfaction/ attrition or harbouring poor performers.

Risks associated with redeploying or letting people go include:

- Transfers: new roles, to group companies or new locations.
- Terminations or job loss due to organisation restructuring.
- Incurring costs after people are gone.

Management Discussion and Analysis Report

Asset liability risk

Any mismatch in tenures of borrowed and disbursed funds may result in liquidity crunch and thereby impact Company's ability to service its loans. Thus it is imperative that there exists nil or minimal mismatch between the tenures of borrowing and assets. At Magma, prudence and appropriate risk is the guiding principle for decision making in the treasury functions. The Company has maintained appropriate asset liability maturity as regards its tenure and interest rates.

Foreign exchange risk

The Company has marginal exposure to foreign exchange risk, since its disbursements are in rupee terms and also around 99% of its borrowings are in the nature of domestic rupee debt. Wherever limited, foreign exchange exposure exists, the Company has entered into appropriate currency hedging to adequately cover up the said risks.

Liquidity risk management

Magma has over a period of 3 decades, worked meticulously in diversifying its borrowing profile and has repeatedly enhanced the set of institutions it borrows from. Such diversified and stable funding sources emanate from several segments of lenders like Banks, Insurance Companies, Mutual Funds and other institutions. As a consequence of its good portfolio quality consistently maintained over the past several years coupled with the fact that more than 70% of its assets comply with the Priority Sector Lending norms, the Company has established a formidable track record in its access to the securitisation / assignment market. The Bankers to the Company have also increased their funding limits to the Company substantially during the year. As a matter of prudence and with a view to manage liquidity risk at optimum levels, Magma keeps suitable levels of unutilised bank limits effectively mitigate possible contingencies arising out therefrom.

The Company has in place an Asset Liability Committee (ALCO) comprising of Company's senior management, which periodically reviews the asset - liability positions, cost of funds and sensitivity of forecasted cash flow over both short and long-term time horizons. It accordingly recommends for corrective measures to bridge the gaps, if any. The ALCO reviews the changes in the economic environment and financial markets and suggests suitable strategies for effective resource management. This results in proper planning on an on-going basis in respect of managing various financial risks viz. asset liability risk, foreign currency risk and liquidity risk.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis, describing the Company's objectives, outlook, opportunities and expectations may constitute "Forward Looking Statements" within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied expectations or projections, among others. Several factors make a significant difference to the Company's operations including the government regulations, taxation and economic scenario affecting demand and supply, natural calamity and other such factors over which the Company does not have any direct control.

For and on behalf of the Board

Sanjay Chamria

Vice Chairman and Managing Director

DIN: 00009894

Kolkata
8 May 2015

Financial Statements

Standalone

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Independent Auditors' Report

To the Members of
Magma Fincorp Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Magma Fincorp Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone 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 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 standalone financial statements based on our audit.

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

FOCUSING ON FUNDAMENTALS

- (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer note 30(a) to the financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 30(c) to the financial statements;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/ W-100022

Akeel Master
Partner
Membership Number: 046768
Mumbai, 08 May 2015

Annexure to the Independent Auditors' Report

The Annexure referred to in the Independent Auditor's Report to the members of Magma Fincorp Limited ('the Company') for the year ended 31 March 2015:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets acquired during the year.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of the physical verification is reasonable having regards to the size of the Company and the nature of its assets.
- (ii) The Company is a Non-Banking Finance Company, primarily engaged in asset financing. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) (a) The Company has granted loans to two bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the principal amount and interest as stipulated.
- (c) There are no overdue amounts of more than rupees one lac in respect of the loan granted to the bodies corporate listed in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public, except for deposits taken over by way of merger in the year ended 31 March 2007. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 73 to Section 76 or other relevant provisions of the Act, the rules framed there under and the directives issued by the Reserve Bank of India with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act, in respect of sale of power generated from windmills and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the other services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth tax, service-tax, value added tax, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities *except for delays with respect to deposit of professional tax with appropriate authorities awaiting registration*. As explained to us, the Company did not have any dues on account of sales tax, customs duty and excise duty.

According to the information and explanations given to us, *except for professional tax amounting to ₹ 0.7 lacs* which was outstanding for more than six months as at the year end, there are no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth tax, service-tax, value added tax, cess and any other material statutory dues were in arrears, as at 31 March 2015, for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of sales tax, customs duty and excise duty.

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(b) According to the information and explanations given to us, there are no material dues of income-tax, wealth tax and cess which have not been deposited with the appropriate authorities on account of any dispute. As explained to us, the Company did not have any dues on account of sales tax, customs duty, and excise duty. However, according to information and explanations given to us, the following dues of service-tax and value added tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the Dues	Amount (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
Chapter V of the Finance Act, 1994	Service tax demanded	115.00	2002 - 2003 to 2006 - 2007	CESTAT, EZB, Kolkata
Chapter V of the Finance Act, 1994	Service tax demanded	60.49	2002 - 2003 to 2006 - 2007	CESTAT, EZB, Kolkata
West Bengal Value Added Tax Act, 2003	VAT demanded	6.86	2008 - 2009	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Value Added Tax Act, 2003	VAT demanded	7.21	2009 - 2010	West Bengal Commercial Taxes Appellate and Revisional Board
Rajasthan Value Added Tax Act, 2003	VAT demanded	24.14	2006 - 2007 to 2012 - 2013 (till July 2012)	Tax Board, Rajasthan
Jharkhand, Value Added Tax Act, 2005	VAT demanded	19.42	2006 - 2007 to 2009 - 2010	Sales Tax Tribunal, Jharkhand, Ranchi
Madhya Pradesh Value Added Tax Act, 2002	VAT demanded	133.75	2008 - 2009 and 2009 - 2010	Madhya Pradesh High Court, Jabalpur
Orissa Value Added Tax Act, 2004	VAT demanded	57.41	1 April 2007 to 30 September 2012	Sales Tax Tribunal, Orissa

(c) According to the information and explanations given to us the amounts which were required to be transferred to the Investor Education and Protection Fund has been transferred to such fund within time.

(viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(ix) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank and financial institutions or to debenture holders during the year.

(x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.

(xi) In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.

(xii) During the course of our examination of the books and records of the Company, carried out in accordance with the general auditing practices in India, and according to the explanation and information given to us, twenty six instances of fraud on the Company were identified and reported during the year. We have been further informed that the frauds on the Company were mainly related to falsification of loan/valuation documents by borrowers, non-delivery of assets by dealers, collusion between vendors, borrowers, employees and cash misappropriation by the employees of the Company. The aggregate amount of such frauds is ₹ 611.96 lacs. As at 31 March 2015, the loan outstanding has been written off/ fully provided for in the statement of profit and loss.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/ W-100022

Akeel Master
Partner
Membership Number: 046768
Mumbai, 08 May 2015

Balance Sheet

(₹ in Lacs)

	Note No.	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	13,508.92	15,224.84
Reserves and surplus	4	1,34,546.62	1,22,599.31
		1,48,055.54	1,37,824.15
Non-current liabilities			
Long-term borrowings	5	2,88,173.32	2,77,455.80
Deferred tax liabilities (net)	6	1,465.41	3,655.74
Long-term provisions	7	19,794.61	13,150.75
		3,09,433.34	2,94,262.29
Current liabilities			
Short-term borrowings	8	5,44,405.49	4,65,507.46
Trade payables	9	19,891.13	22,933.38
Other current liabilities	10	2,05,134.19	2,06,949.58
Short-term provisions	11	4,254.99	4,322.17
		7,73,685.80	6,99,712.59
Total		12,31,174.68	11,31,799.03
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12	17,193.91	15,422.59
- Intangible assets	12	2,341.35	281.55
- Capital work-in-progress		805.67	2,505.11
		20,340.93	18,209.25
Non-current investments	13	16,944.65	22,437.32
Long-term loans and advances			
- Assets on finance	14	7,17,715.30	5,98,217.84
- Others		1,951.61	7,426.16
Other non-current assets	15	9,815.78	14,675.02
		7,66,768.27	6,60,965.59
Current assets			
Current investments	16	7,198.08	9,640.61
Trade receivables	17	752.11	1,550.52
Cash and bank balances	18	56,595.17	69,542.35
Short-term loans and advances			
- Assets on finance	19	3,84,002.59	3,75,224.87
- Others		6,564.15	5,382.16
Other current assets	20	9,294.31	9,492.93
		4,64,406.41	4,70,833.44
Total		12,31,174.68	11,31,799.03
Significant accounting policies	2		
Notes to the financial statements	3 - 45		

The Notes referred to above form an integral part of these financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn. No. 101248W/W-100022

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman &
Managing Director

Akeel Master
Partner
Membership No. 046768

Atul Bansal
Chief Financial Officer

Kailash Baheti
Chief Strategy Officer
& Company Secretary

Mumbai, 08 May 2015

Kolkata, 08 May 2015

FOCUSING ON FUNDAMENTALS

Statement of Profit and Loss

(₹ in Lacs)

	Note No.	Year ended 31 March 2015	Year ended 31 March 2014
REVENUE			
Revenue from operations	21	2,01,877.45	1,84,677.78
Other income	22	2,717.80	2,907.04
Total revenue		2,04,595.25	1,87,584.82
EXPENSE			
Employee benefits expense	23	28,969.74	21,309.13
Finance costs	24	1,06,144.01	1,05,516.19
Depreciation and amortisation expense	12	3,451.50	3,314.00
Provisions and bad debts written-off	25	22,255.61	16,143.18
Other expenses	26	26,263.67	23,462.69
Total expense		1,87,084.53	1,69,745.19
Profit before tax		17,510.72	17,839.63
Tax expense:			
Current tax - current year		4,580.00	6,250.00
- earlier year		166.70	(8.48)
Deferred tax		(2,142.73)	(1,959.21)
Profit after tax		14,906.75	13,557.32
Earnings per equity share			
(Nominal value of ₹ 2/- each fully paid up):			
Basic (in ₹)		7.22	6.47
Diluted (in ₹)		7.19	6.46
Significant accounting policies	2		
Notes to the financial statements	3 - 45		

The Notes referred to above form an integral part of these financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn. No. 101248W/W-100022

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman &
Managing Director

Akeel Master
Partner
Membership No. 046768

Atul Bansal
Chief Financial Officer

Kailash Baheti
Chief Strategy Officer
& Company Secretary

Mumbai, 08 May 2015

Kolkata, 08 May 2015

Cash Flow Statement

(₹ in Lacs)

	Year ended 31 March 2015		Year ended 31 March 2014	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	17,510.72		17,839.63	
Adjustments for :				
Depreciation and amortisation expense	3,451.50		3,314.00	
Interest expense	88,692.69		85,724.08	
Provision for non-performing assets	6,302.82		6,495.20	
Contingent provision against standard assets	290.00		(90.00)	
Loss on sale of fixed assets (net)	52.53		17.63	
Employee share based compensation expense	3.06		63.02	
Discount on commercial papers	13,087.60		15,205.34	
Mark-to-market profit on derivative contracts	(42.32) 1,11,837.88		(197.06) 1,10,532.21	
Operating cash flow before working capital changes	1,29,348.60		1,28,371.84	
Adjustments for :				
Trade and other receivables	4,959.11		111.53	
Assets on finance	(1,28,552.17)		3,954.24	
Other bank balances	7,981.86		(1,418.74)	
Trade payables and other liabilities	(1,231.64) (1,16,842.84)		35.23 2,682.26	
Cash from operations	12,505.76		1,31,054.10	
Taxes paid (net)	(4,172.12)		(5,054.09)	
Net cash from operating activities (A)	8,333.64		1,26,000.01	
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (including capital work-in-progress)	(5,901.05)		(4,115.93)	
Proceeds from sale of fixed assets	125.34		16.62	
Purchase of non-current investments	7,935.20		(3,533.72)	
Net cash from / (used in) investing activities (B)	2,159.49		(7,633.03)	

FOCUSING ON FUNDAMENTALS

Cash Flow Statement (continued)

(₹ in Lacs)

	Year ended 31 March 2015	Year ended 31 March 2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payments for redemption of non-convertible preference shares	(1,722.04)	(6,312.04)
Increase / (decrease) in borrowings (net)*	75,836.39	(75,900.94)
Proceeds from issue of equity shares including securities premium (net)	140.73	58.75
Interest paid	(91,225.49)	(84,354.15)
Dividend paid (including tax thereon)	(3,103.18)	(3,065.50)
Net cash used in financing activities (C)	(20,073.59)	(1,69,573.88)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(9,580.46)	(51,206.90)
Cash and cash equivalents as at the beginning of the year	32,579.13	83,786.03
Cash and cash equivalents as at the end of the year	22,998.67	32,579.13
CASH AND CASH EQUIVALENTS (Note 18)		
Cash in hand	5,689.50	5,944.62
Balances with banks		
In current and cash credit accounts	17,158.79	26,634.51
In deposit accounts with maturity of less than three months	150.38	-
	22,998.67	32,579.13

* Borrowings have been presented on a net basis as the transactions during the year are voluminous.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn. No. 101248W/W-100022

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman &
Managing Director

Akeel Master
Partner
Membership No. 046768

Atul Bansal
Chief Financial Officer

Kailash Baheti
Chief Strategy Officer
& Company Secretary

Mumbai, 08 May 2015

Kolkata, 08 May 2015

Notes to the Financial Statements

NOTE 1 : COMPANY OVERVIEW

Magma Fincorp Limited ('the Company'), incorporated and headquartered in Kolkata, India is a publicly held non-banking finance company engaged in providing asset finance through its pan India branch network. The Company is registered as a systemically important non-deposit taking Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange.

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation

- (a) These financial statements have been prepared in compliance with Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the mandatory Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('the 2013 Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the 2013 Act (to the extent notified and applicable), the directions prescribed by the Reserve Bank of India ('RBI') for Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies and the guidelines issued by the Securities and Exchange Board of India (SEBI) to the extent applicable. The financial statements have been prepared under the historical cost convention and on accrual basis, unless otherwise stated. The financial statements are presented in Indian rupees rounded off to the nearest lac upto two decimal places.
- (b) An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. In case of non-banking financial companies normal operating cycle is not determinable, and therefore operating cycle is considered as 12 months for classification of current and non-current assets and liabilities as required by Schedule III of the Companies Act, 2013.
- (c) The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(ii) Use of estimates and judgements

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ('Indian

GAAP') requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(iii) Assets on finance

- (a) Assets on finance include assets given on finance / loan and amounts paid for acquiring financial assets including non-performing assets (NPAs) from other Banks / Non Banking Financial Companies (NBFCs).
- (b) Assets on finance represents amounts receivable under finance / loan agreements and are valued at net investment amount including installments due. The balance is also net of amounts securitised / assigned.

(iv) Revenue recognition

- (a) Interest / finance income from assets on finance / loan included in revenue from operations represents interest income arrived at based on Internal Rate of Return method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation.
- (b) **Income on direct assignment / securitisation :** The Company enters into arrangements for sale of loan receivables through direct assignment / securitisation. The said assets are de-recognised upon transfer of significant risks and rewards to the purchaser and on meeting the true sale criteria.

The Company retains the contractual right to receive share of future monthly interest i.e. excess interest spread ("EIS") on the transferred assets which is the difference between the pool IRR and the yield agreed with the portfolio buyer.

The Company recognises gain / excess interest spread on direct assignment / securitisation transactions in line with RBI circular "Revisions

Notes to the Financial Statements (continued)

to the Guidelines on Securitisation Transactions” issued on 21 August 2012. Accordingly, direct assignment / securitisation transactions effected post issuance of the said guidelines are accounted as under:

- i. Gain / income realised on direct assignment / securitisation of loan receivables arising under premium structure is recognised over the tenure of securities issued by Special Purpose Vehicle (SPV) / agreements. Loss, if any, is recognised upfront.
 - ii. EIS under par structure of securitisation / direct assignment of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by SPV / agreements. Loss, if any, is recognised upfront.
- (c) Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
 - (d) Upfront income / expense pertaining to loan origination is amortised over the tenure of the underlying loan contracts.
 - (e) Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognised in the statement of profit and loss over the lease term in proportion to the recognition of lease income.
 - (f) Overdue interest is treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.
 - (g) In respect of NPAs acquired, recoveries in excess of consideration paid is recognised as income in accordance with RBI guidelines.
 - (h) Income from power generation is recognised based on the units generated as per the terms of the respective power purchase agreements with the respective State Electricity Boards.
 - (i) Income from dividend is accounted for on receipt basis.
 - (j) All other items of income are accounted for on accrual basis.
- (v) Provision for non-performing assets ('NPA') and doubtful debts**
- Non-performing assets ('NPA') including loans and advances, receivables are identified as sub-standard / doubtful based on the tenor of default. The tenor is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning and meets the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 prescribed by Reserve Bank of India vide circular dated 10 November 2014 on Revised Regulatory Framework for Non-Banking Finance Companies (NBFCs) and the related notification dated 27 March 2015 (collectively referred to as 'the framework'). These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.
- All contracts which as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from written off contracts are included in "Other Income".
- (vi) Fixed assets, intangible assets and capital work-in-progress**
- Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.
- Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long-term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

Notes to the Financial Statements (continued)

All assets given on operating lease are shown at the cost of acquisition less accumulated depreciation.

Intangible assets are recorded at the consideration paid for acquisition / development and licensing less accumulated amortisation.

(vii) Depreciation and amortisation

Depreciation on fixed assets is provided using the straight line method at the rates specified in Schedule II to the Companies Act, 2013. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Leasehold improvements are amortised over the underlying lease term on a straight line basis.

Depreciation on vehicles given on operating lease is provided on straight line method at rates based on tenure of the underlying lease contracts not exceeding 8 years.

Individual assets costing less than ₹ 5,000/- are depreciated in full in the year of acquisition.

For the following class of assets, based on internal assessment, the management believes that the useful lives is as given below best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Desktops	6 years
Laptops / Hand Held Device	4 years

Intangible assets are amortised over their estimated useful lives, not exceeding six years, on a straight line basis, commencing from the date the asset is available to the Company for its use.

(viii) Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is

recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(ix) Investments

(a) Investments are classified as non-current or current based on intention of management at the time of purchase.

(b) Non-current investments are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

(c) Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investments.

(d) Any reduction in the carrying amount and any reversals of such reduction are charged or credited to the statement of profit and loss.

(e) Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off.

(x) Employee benefits

(a) Provident fund

Contributions paid / payable to the recognised provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss.

(b) Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued

Notes to the Financial Statements (continued)

Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

(c) Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

(xi) Employee Stock Compensation Cost

The Employees Stock Option Scheme (the Scheme) provides for grant of the equity shares of the Company to employees. The scheme provides that employees are granted an option to subscribe to the equity shares of the Company that vest in a graded manner. The options may be exercised within the specified period. The Company follows the intrinsic value method to account for its stock based employee compensation plans. The expense or credit recognised in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

(xii) Taxes on income

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for

the period). Income-tax expense is recognised in the statement of profit and loss.

(a) Current tax

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws.

(b) Deferred tax

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

(c) Minimum alternative tax

Minimum alternative tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Notes to the Financial Statements (continued)

(xiii) Provision

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

(a) Onerous contracts

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

(b) Contingencies

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

(xiv) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

(xv) Derivative transactions

Fair value of derivative contracts is determined based on the appropriate valuation techniques considering the terms of the contract as at the balance sheet date. Mark to market losses in derivative contracts are recognised in the statement of profit and loss in the period in which they arise. Mark to market gains are not recognised keeping in view the principle of prudence as enunciated in "Accounting Standard (AS) 1 - Disclosure of Accounting Policies".

(xvi) Borrowing costs

Interest on borrowings is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings. Discount on commercial papers is amortised over the tenor of the commercial papers.

Brokerage and other ancillary expenditure directly attributable to a borrowing is amortised over the tenure of the respective borrowing. Unamortised borrowing costs remaining, if any, is fully expensed off as and when the related borrowing is prepaid / cancelled.

(xvii) Operating leases

Lease payments for assets taken on an operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

(xviii) Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax attributable to the equity shareholders for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduces profit / loss per share are included.

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

(xix) Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with an original maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

(xx) Cash flow statement

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

NOTE 3 : SHARE CAPITAL

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Authorised		
26,50,00,000 (2014: 26,50,00,000) Equity shares of ₹ 2/- each	5,300.00	5,300.00
5,43,00,000 (2014: 5,43,00,000) Preference shares of ₹ 100/- each	54,300.00	54,300.00
	59,600.00	59,600.00
Issued, subscribed and paid-up		
Equity share capital		
19,04,25,875 (2014: 19,01,19,975) Equity shares of ₹ 2/- each, fully paid up.	3,808.52	3,802.40
Preference share capital		
- (2014: 21,09,199) 9.70% Cumulative non-convertible redeemable preference shares of ₹ 100/- each (paid-up value per share reduced to ₹ Nil on redemption of fifth & final annual installments of ₹ 20/- each per share). Allotted at par on 17 February 2006 and redeemable at par in five equal annual installments starting at the end of 5 years from the date of allotment i.e. 17 February 2011 till all the preference shares are redeemed which is at the end of 9th year from the date of allotment i.e. 17 February 2015.	-	421.84
65,00,999 (2014: 65,00,999) 6 months US Dollar Libor plus 3.25% Cumulative non-convertible redeemable preference shares of ₹ 100/- each (paid-up value per share reduced to ₹ 40/- on redemption of three annual installments of ₹ 20/- each per share). Allotted at par on 26 March 2007 and redeemable at par in US Dollar over five equal annual installments of US Dollar 3 million each, for the first time on 1 April 2012 until all preference shares are redeemed i.e. 1 April 2016.	2,600.40	3,900.60
10,00,000 (2014: 10,00,000) 9.60% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up. Allotted at par on 19 June 2010 and redeemable at the end of 5 years i.e. 19 June 2015 along with a redemption premium equal to 25% of the consideration.	1,000.00	1,000.00

Notes to the Financial Statements (continued)

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
25,00,000 (2014: 25,00,000) 12.00% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up. Allotted at par on 30 June 2010 and redeemable at par at the end of 5 years i.e. 30 June 2015.	2,500.00	2,500.00
36,00,000 (2014: 36,00,000) 11.00% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up. Allotted at par on 12 November 2012 and redeemable at par at the end of 3 years i.e. 11 November 2015.	3,600.00	3,600.00
	13,508.92	15,224.84

Reconciliation of the number of shares outstanding and the amount of share capital

(₹ in Lacs)

	As at 31 March 2015		As at 31 March 2014	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
Opening balance	19,01,19,975	3,802.40	18,99,56,775	3,799.14
Equity shares issued on exercise of ESOPs during the year	3,05,900	6.12	1,63,200	3.26
Closing balance	19,04,25,875	3,808.52	19,01,19,975	3,802.40
Preference shares (Cumulative non-convertible redeemable)				
Opening balance	1,57,10,198	11,422.44	1,87,10,198	16,144.48
6 months US Dollar Libor plus 3.25% preference shares redeemed during the year (20% annually)	-	(1,300.20)	-	(1,300.20)
5.00% Preference shares redeemed during the year	-	-	(30,00,000)	(3,000.00)
9.70% Preference shares redeemed during the year (20% annually)	(21,09,199)	(421.84)	-	(421.84)
Closing balance	1,36,00,999	9,700.40	1,57,10,198	11,422.44

Equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- each. Each holder of equity share is entitled to one vote per share.

The Company declares and pays dividend on equity shares in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting.

During the year ended 31 March 2015, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 0.80 (40%) per equity share of the face value of ₹ 2/- each. Total dividend appropriation on 190,425,875 equity shares for the year ended 31 March 2015 amounted to ₹ 1,833.54 lacs including corporate dividend tax of ₹ 310.13 lacs.

During the year, the Company has allotted on 30 July 2014, 05 November 2014 and 03 February 2015, 211,075 equity shares, 51,325 equity shares and 43,500 equity shares respectively of the face value of ₹ 2/- each under Employee Stock Option Plan pursuant to SEBI (ESOS and ESOS) Guidelines, 1999 to the eligible employees of the Company.

The Board of Directors at their meeting held on 30 March 2015 approved issuance of 46,296,297 equity shares of the face value of ₹ 2/- each, at a price of ₹ 108/- each aggregating to ₹ 50,000 lacs, including a premium of ₹ 106/- per share to Zend Mauritius VC Investments, Limited, Indium V (Mauritius) Holdings Limited, Leapfrog Financial Inclusion India Holdings Limited on preferential basis under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and Companies Act, 2013 read with relevant rules thereunder and other applicable provisions, which was subsequently

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

approved by the shareholders at the Extraordinary General Meeting held on 28 April 2015. Accordingly, the Board of Directors at their meeting held on 08 May 2015 allotted 4,62,96,297 equity shares to the above mentioned allottees. The total paid-up equity share capital of the Company stands increased to 23,67,22,172 equity shares of ₹ 2/- each aggregating to ₹ 4,734.44 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

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 to preference shareholders. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

Preference shares

The Company declares and pays dividend on preference shares in both Indian rupees and foreign currencies. The dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

The Company has redeemed ₹ 1,300.20 lacs being third installment of ₹ 20/- per share in respect of 65,00,999 cumulative non-convertible redeemable preference shares of ₹ 100/- per share during April 2014. The paid-up value as at 31 March 2015 of the above preference shares stands reduced to ₹ 40/- per share from ₹ 100/- per share. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

The Company has redeemed ₹ 421.84 lacs being fifth and final installment of ₹ 20/- per share in respect of 2,109,199 cumulative non-convertible redeemable preference shares of ₹ 100/- per share during February 2015. The paid-up

value as at 31 March 2015 of the above preference shares stands reduced to ₹ Nil/- per share from ₹ 100/- per share. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

As per the terms of issue, the holders of the 65,00,999 cumulative non-convertible redeemable preference shares of ₹ 100/- each aggregating to ₹ 6,501.00 lacs (equivalent to USD 15 Million) allotted on 26 March 2007 are entitled to fixed dividend at the rate equivalent to 6 months US Dollar Libor applicable on the respective dates i.e. 30 December or 29 June depending upon the actual date of payment plus 3.25% on subscription amount of USD 15 Million.

Accordingly, the Company had provided dividend for the financial year ended 31 March 2014 in accounts based on the 6 months US Dollar Libor applicable as on 30 December 2013 and closing exchange rate applicable as on 31 March 2014 and which was liable to vary depending on the actual date of payment of the dividend. Accordingly, the excess dividend and tax thereon of ₹ 3.50 lacs (2014: deficit of ₹ 55.53 lacs) provided with respect to above preference shares for the previous financial year ended 31 March 2014 has been adjusted in the current year with consequent impact on earnings per share for the year.

In the event of liquidation of the Company, the holders of preference shares will have priority over equity shares in payment of dividend and repayment of capital.

Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares:

The Company has not issued bonus shares or shares for consideration other than cash during the five year period immediately preceding the reporting date.

Shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2015		As at 31 March 2014	
	%	No. of shares	%	No. of shares
Equity shares				
Microfirm Capital Private Limited	17.86	3,40,15,928	17.89	3,40,15,928
Celica Developers Private Limited	15.46	2,94,34,455	15.48	2,94,34,455
Zend Mauritius VC Investments, Limited	14.10	2,68,54,375	14.12	2,68,54,375
International Finance Corporation	12.08	2,30,00,000	12.10	2,30,00,000
Lavender Investments Limited	9.90	1,88,51,431	9.63	1,83,01,431
India Capital Fund Limited	4.82	91,80,190	5.12	97,36,294

Notes to the Financial Statements (continued)

Name of the shareholder	As at 31 March 2015		As at 31 March 2014	
	%	No. of shares	%	No. of shares
Preference shares (Cumulative non-convertible redeemable)				
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	47.80	65,00,999	54.81	86,10,198
Andhra Bank	11.03	15,00,000	9.55	15,00,000
United Bank of India	7.35	10,00,000	6.37	10,00,000
International Tractors Limited	7.35	10,00,000	6.37	10,00,000

Employee stock options

The Company instituted the Magma Employee Stock Option Plan (MESOP) in 2007 and Magma Restricted Stock Option Plan 2014 (MRSOP) in 2014, which were approved by the Board of Directors

MESOP, 2007

Under MESOP, the Company provided for the creation and issue of 1,000,000 options, that would eventually convert into equity shares of ₹ 10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Board of Directors. The options generally

vest in a graded manner over a five year period and are exercisable till the grantee remains an employee of the Company. Following the sub-division of one equity share of the face value of ₹ 10/- each into five equity shares of the face value of ₹ 2/- each during the financial year ended 31 March 2011, the number of options increased from 1,000,000 to 5,000,000.

During the year, the Nomination and Remuneration Committee of the Board of Directors has granted 20,000 options under MESOP 2007 at an exercise price of ₹ 60/- per share (each option entitles the option holder to 1 equity share of ₹ 2/- each).

	(In nos.)	
	Year ended 31 March 2015	Year ended 31 March 2014
Outstanding options at the beginning of the year	13,42,400	11,12,900
Granted during the year	20,000	4,00,000
Exercised during the year	3,05,900	1,63,200
Lapsed during the year	4,20,000	7,300
Forfeited during the year	-	-
Outstanding options at the end of the year	6,36,500	13,42,400
Options vested and exercisable at the end of the year	96,500	2,67,400

MRSOP, 2014

Under MRSOP, the Company provided for the creation and issue of 50,00,000 option, that would eventually convert into equity shares of ₹ 2/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Board of Directors and at the exercise price of the face value of ₹ 2/- each. The

options will vest in a graded manner and are exercisable till the grantee remains an employee of the Company.

During the year, the Nomination and Remuneration Committee of the Board of Directors has granted 650,000 options under MRSOP 2014 at an exercise price of ₹ 2/- per share to eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

(In nos.)

	Year ended 31 March 2015	Year ended 31 March 2014
Outstanding options at the beginning of the year	-	-
Granted during the year	6,50,000	-
Exercised during the year	-	-
Lapsed during the year	50,000	-
Forfeited during the year	-	-
Outstanding options at the end of the year	6,00,000	-
Options vested and exercisable at the end of the year	-	-

The weighted average fair value of each option of Magma Fincorp Limited was ₹ 45.26 using the Black-Scholes model with the following assumptions:

	Units	Values
Grant date share price	₹	50.33 - 100.00
Exercise price	₹	2.00 - 60.00
Dividend yield	%	0.61 - 3.03
Expected life	years	4.30 - 4.80
Risk free interest rate	%	7.76 - 8.91
Volatility	%	42.78 - 73.94

Equity shares reserved for issue under options

(₹ in Lacs)

	No. of shares granted	Exercise price	As at 31 March 2015		As at 31 March 2014	
			No. of shares	Amount	No. of shares	Amount
Under MESOP 2007:						
Tranche I	17,54,000	36.00	14,000	28,000	1,92,400	3,84,800
Tranche II	2,50,000	60.00	1,52,500	3,05,000	2,50,000	5,00,000
Tranche III	50,000	60.00	35,000	70,000	50,000	1,00,000
Tranche IV	3,00,000	60.00	-	-	3,00,000	6,00,000
Tranche V	1,50,000	60.00	65,000	1,30,000	1,50,000	3,00,000
Tranche VI	50,000	60.00	50,000	1,00,000	50,000	1,00,000
Tranche VII	50,000	60.00	-	-	50,000	1,00,000
Tranche VIII	1,75,000	60.00	1,75,000	3,50,000	1,75,000	3,50,000
Tranche IX	1,25,000	60.00	1,25,000	2,50,000	1,25,000	2,50,000
Tranche X	20,000	60.00	20,000	40,000	-	-
Under MRSOP 2014:						
Tranche I	6,50,000	2.00	6,00,000	12,00,000	-	-

The Company has recorded compensation cost for all grants using the intrinsic value based method of accounting, in line with the prescribed SEBI guidelines.

Had compensation been determined under the fair value

approach described in the Guidance Note on, "Accounting for employee share based payments" issued by the Institute of Chartered Accountant of India ('ICAI'), the Company's net profit and basic and diluted earnings per share would have reduced to the proforma amounts as indicated.

Notes to the Financial Statements (continued)

Particulars	Unit	Year ended 31 March 2015	Year ended 31 March 2014
Net profit for equity shareholders	₹ in Lacs	13,735.58	12,289.28
Add: Stock-based employee compensation expense (intrinsic value method)	₹ in Lacs	3.06	63.02
Less: Stock-based employee compensation expense (fair value method)	₹ in Lacs	4.55	139.53
Proforma net profit	₹ in Lacs	13,734.09	12,212.77
Basic earnings per share (Face value: ₹ 2/-) as reported	₹	7.22	6.47
Proforma basic earnings per share (Face value: ₹ 2/-)	₹	7.22	6.43
Diluted earnings per share (Face value: ₹ 2/-) as reported	₹	7.19	6.46
Proforma diluted earnings per share (Face value: ₹ 2/-)	₹	7.18	6.42

NOTE 4 : RESERVES AND SURPLUS

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Capital reserve	457.98	457.98
Capital redemption reserve	1,421.84	1,421.84
Securities premium reserve		
Opening balance	67,412.88	68,924.01
Add: On equity shares issued on exercise of ESOPs during the year	167.79	78.87
Less: On preference share redeemed during the year	-	1,590.00
	67,580.67	67,412.88
Employee share option outstanding		
Gross employee share compensation cost for options granted in earlier years	103.99	64.35
Less: Transferred to securities premium reserve on allotment of shares	33.18	23.38
Add: Deferred employee compensation cost	3.06	63.02
	73.87	103.99
Amalgamation reserve account	106.48	106.48
Statutory reserve (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	15,120.00	12,368.15
Add: Transfer from surplus in the statement of profit and loss	2,990.00	2,751.85
	18,110.00	15,120.00
General reserve		
Opening balance	8,100.00	6,734.50
Add: Transfer from surplus in the statement of profit and loss	1,502.40	1,365.50
Less: Transferred to depreciation reserve (net of amount transferred to deferred tax liability ₹ 47.60 Lacs) (Note 12)	92.40	-
	9,510.00	8,100.00
Surplus (balance in the statement of profit and loss)		
Opening balance	29,876.14	23,483.66
Profit for the year	14,906.75	13,557.32
Amount available for appropriations	44,782.89	37,040.98
Appropriations		
Proposed dividend on preference shares	973.16	1,083.85
Tax on proposed preference dividend as above	198.01	184.19
Proposed dividend on equity shares	1,523.41	1,520.96
Tax on proposed equity dividend as above	310.13	258.49
Transfer to statutory reserve	2,990.00	2,751.85
Transfer to general reserve	1,502.40	1,365.50
	37,285.78	29,876.14
	1,34,546.62	1,22,599.31

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

NOTE 5 : LONG-TERM BORROWINGS

(₹ in Lacs)

	Security as per	As at 31 March 2015	As at 31 March 2014
Debentures			
Secured			
Redeemable non-convertible debentures	(a)	79,750.00	1,03,610.00
		79,750.00	1,03,610.00
Unsecured			
Subordinated non-convertible perpetual debentures (Tier I capital)		10,550.00	10,550.00
Subordinated redeemable non-convertible debentures (Tier II capital)		77,930.00	74,350.00
		88,480.00	84,900.00
Term loan			
Secured *			
from banks	(b) and (c)	92,977.59	48,740.65
from others (financial institutions)	(b) and (c)	26,965.73	40,205.15
		1,19,943.32	88,945.80
		2,88,173.32	2,77,455.80
* Aggregate of loans guaranteed by Director (including current maturities)		1,862.30	2,395.20

Nature of security

- (a) Debentures are secured by mortgage of Company's immovable property situated at (i) Village - Mehrun, Taluk and District - Jalgaon in the state of Maharashtra, and (ii) Rajarhat, Kolkata in the state of West Bengal and are also secured against designated Assets on finance/loan.
- (b) Term loans from Banks / Financial Institutions are secured by hypothecation of designated Assets on finance/loan and future rentals receivable therefrom.
- (c) Term loans related to wind mills owned by the Company are secured by means of mortgage of the wind mills, assignment of the related receivables, and a bank guarantee in favour of the lending institution alongwith personal guarantee of a Director.

Details of debentures

Secured redeemable non-convertible debentures

(₹ in Lacs)

Maturity schedule	Interest rate range*	As at 31 March 2015		As at 31 March 2014	
		Long-term	Current maturities	Long-term	Current maturities
3 - 5 Years	-	-	-	20,000.00	-
1 - 3 Years	9.50 % - 11.50%	79,750.00	-	83,610.00	-
0 - 1 Years	10.01 % - 11.20%	-	63,860.00	-	1,09,500.00
		79,750.00	63,860.00	1,03,610.00	1,09,500.00

Notes to the Financial Statements (continued)

Unsecured subordinated non-convertible perpetual debentures (Tier I capital)

(₹ in Lacs)

Maturity schedule	Interest rate range*	As at 31 March 2015		As at 31 March 2014	
		Long-term	Current maturities	Long-term	Current maturities
> 5 Years	12.00 % - 13.75%	10,550.00	-	10,550.00	-
		10,550.00	-	10,550.00	-
Percentage of Tier I Capital		7.97%	-	8.28%	-

These debentures are perpetual in nature and the Company has a 'Call Option' only after a minimum period of 10 years from the date of issue subject to RBI regulations.

Unsecured subordinated redeemable non-convertible debentures (Tier II capital)

(₹ in Lacs)

Maturity schedule	Interest rate range*	As at 31 March 2015		As at 31 March 2014	
		Long-term	Current maturities	Long-term	Current maturities
> 5 Years	10.70 % - 11.50%	32,700.00	-	24,200.00	-
3 - 5 Years	11.00 % - 11.75%	34,030.00	-	31,730.00	-
1 - 3 Years	11.50% - 12.00%	11,200.00	-	18,420.00	-
0 - 1 Years	11.50%	-	17,920.00	-	4,000.00
		77,930.00	17,920.00	74,350.00	4,000.00

Terms of repayment of term loans

(₹ in Lacs)

Repayment terms	Interest terms	As at 31 March 2015		As at 31 March 2014	
		Long-term	Current maturities	Long-term	Current maturities
Monthly	Fixed	34.30	18.90	21.98	13.79
Monthly	Floating	3,888.65	6,888.27	10,777.48	10,222.26
Quarterly	Fixed	1,329.40	532.90	1,862.30	532.90
Quarterly	Floating	1,07,548.11	47,736.08	46,284.04	16,235.90
Half yearly	Floating	7,142.86	2,857.14	30,000.00	-
		1,19,943.32	58,033.29	88,945.80	27,004.85

The above term loans carry interest rate ranging from 10.45 % p.a. to 12.25 % p.a.

* Interest rate as at 31 March 2015.

Above current maturities has been disclosed under "Other current liabilities" (Note 10).

NOTE 6 : DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Deferred tax liabilities		
Fixed assets	2,462.54	2,307.97
Unamortised expenses (net)	6,298.99	6,188.15
Others	94.75	121.40
	8,856.28	8,617.52
Deferred tax assets		
Contingent provision against standard assets	1,079.77	961.92
Provision for non-performing assets	6,005.48	3,734.83
Others	305.62	265.03
	7,390.87	4,961.78
	1,465.41	3,655.74

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

NOTE 7 : LONG-TERM PROVISIONS

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Provision for employee benefits		
Provision for compensated absences	713.75	632.71
Other provisions		
Provision for non-performing assets	17,140.86	10,838.04
Contingent provision against standard assets (Tier II capital)	1,940.00	1,680.00
	19,794.61	13,150.75

NOTE 8 : SHORT-TERM BORROWINGS

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Commercial papers		
Unsecured		
Face value	50,000.00	42,700.00
Less: Unmatured discounting charges	448.49	480.21
	49,551.51	42,219.79
Loans from banks		
Secured*		
Cash credit facilities	1,44,854.24	1,53,287.67
Working capital demand loans	3,49,999.74	2,70,000.00
	4,94,853.98	4,23,287.67
	5,44,405.49	4,65,507.46

Details of unsecured commercial papers

Number of units	Face value (₹ in Lacs)	Interest terms	As at 31 March 2015	As at 31 March 2014
10000	5	Fixed	49,551.51	42,219.79
			49,551.51	42,219.79

The above commercial papers carry interest rates ranging from 9.30 % p.a. to 9.65 % p.a.

Details of cash credit facilities and working capital demand loans

The cash credit facilities are repayable on demand and carry interest rates ranging from 9.6 % p.a. to 12.65 % p.a. Working capital demand loans are repayable on demand and carry interest rates ranging from 9.45 % p.a. to 10.50 % p.a. As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature.

* Nature of security

Cash credit facilities and working capital demand loans from Banks are secured by hypothecation of the Company's finance/ loan assets, plant and machinery and future rental income therefrom and other current assets excluding those from real estate (expressly excluding those equipments, plant, machinery, spare parts etc. and future rental income therefrom which have been or will be purchased out of the term loans and / or refinance facility from Financial Institutions, Banks or any other finance organisation). These are collaterally secured by equitable mortgage of immovable properties.

Notes to the Financial Statements (continued)

NOTE 9 : TRADE PAYABLES

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Due to micro and small enterprises *	-	-
Due to others	19,891.13	22,933.38
	19,891.13	22,933.38

* The Company has no dues to micro and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006, as at 31 March 2015 and 31 March 2014. This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, and has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTE 10 : OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Current maturities of long-term borrowings (Note 5)	1,39,813.29	1,40,504.85
Interest accrued but not due on borrowings	12,597.05	15,129.85
Unpaid dividend #	24.50	21.16
Unclaimed matured deposits and interest accrued thereon *	0.26	2.48
Other liabilities		
Temporary book overdraft	9,077.56	8,369.03
Advances and deposits from customers	6,655.43	6,419.18
Statutory liabilities	737.61	586.95
Director's commission payable	150.00	150.00
Pending remittance on assignment	30,868.04	31,381.28
Other payables	5,210.45	4,384.80
	2,05,134.19	2,06,949.58

Balance would be credited to Investor Education and Protection Fund as and when due.

* Represents liability transferred to and vested in the Company pursuant to the amalgamation of erstwhile Shracchi Infrastructure Finance Limited with the Company in the financial year 2006-07. The Company, in accordance with Reserve Bank of India directives, had transferred the entire outstanding amount together with interest to an escrow account.

NOTE 11 : SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Provision for employee benefits		
Provision for compensated absences	73.78	69.15
Other provisions		
Contingent provision against standard assets (Tier II capital)	1,180.00	1,150.00
Proposed dividend (including tax thereon)	3,001.21	3,103.02
	4,254.99	4,322.17

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

NOTE 12 : FIXED ASSETS

Following are the changes in the carrying value of the fixed assets for the year ended 31 March 2015

(₹ in Lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2014	Additions	Deletions	As at 31 March 2015	As at 1 April 2014	For the year	Deletions	As at 31 March 2015	As at 31 March 2015
Tangible Assets									
Fixed assets for own use									
Land	30.26	-	-	30.26	-	-	-	-	30.26
Buildings *	3,440.14	57.23	-	3,497.37	1,099.32	55.30	-	1,154.62	2,342.75
Wind mills	9,701.29	-	-	9,701.29	3,356.48	410.48	-	3,766.96	5,934.33
Furniture and fixtures	2,398.65	336.68	129.54	2,605.79	1,006.04	388.60	71.18	1,323.46	1,282.33
Vehicles	300.86	100.33	96.48	304.71	169.94	43.23	65.37	147.80	156.91
Office equipments	6,319.51	1,848.19	288.31	7,879.39	3,080.71	1,360.42	255.32	4,185.81	3,693.58
Leasehold improvements	2,773.22	520.34	108.99	3,184.57	1,340.66	458.95	104.54	1,695.07	1,489.50
Sub-total	24,963.93	2,862.77	623.32	27,203.38	10,053.15	2,716.98	496.41	12,273.72	14,929.66
Fixed assets on operating lease									
Buildings	11.00	-	-	11.00	1.87	0.18	-	2.05	8.95
Vehicles	581.65	2,266.14	68.49	2,779.30	78.97	462.56	17.53	524.00	2,255.30
Sub-total	592.65	2,266.14	68.49	2,790.30	80.84	462.74	17.53	526.05	2,264.25
Total	25,556.58	5,128.91	691.81	29,993.68	10,133.99	3,179.72	513.94	12,799.77	17,193.91
Intangible assets									
Fixed assets for own use									
Computer softwares	960.64	2,471.58	-	3,432.22	679.09	411.78	-	1,090.87	2,341.35
Business and commercial rights	800.00	-	-	800.00	800.00	-	-	800.00	-
Total	1,760.64	2,471.58	-	4,232.22	1,479.09	411.78	-	1,890.87	2,341.35
Grand total	27,317.22	7,600.49	691.81	34,225.90	11,613.08	3,591.50	513.94	14,690.64	19,535.26

* Out of total 12 buildings owned by the Company, registration of title for 3 buildings is pending.

In accordance with the requirements of Schedule II to the Companies Act, 2013, the Company has reassessed the useful lives and residual values of its fixed assets and an amount of ₹ 140.00 lacs has been charged to the opening balance of the retained earnings where remaining useful life of an asset is Nil as at 01 April 2014.

Notes to the Financial Statements (continued)

Following are the changes in the carrying value of the fixed assets for the year ended 31 March 2014

(₹ in Lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2013	Additions	Deletions	As at 31 March 2014	As at 1 April 2013	For the year	Deletions	As at 31 March 2014	As at 31 March 2014
Tangible Assets									
Fixed assets for own use									
Land	30.26	-	-	30.26	-	-	-	-	30.26
Buildings *	3,424.74	15.40	-	3,440.14	1,046.30	53.02	-	1,099.32	2,340.82
Wind mills	9,701.29	-	-	9,701.29	2,844.25	512.23	-	3,356.48	6,344.81
Furniture and fixtures	2,101.89	316.92	20.16	2,398.65	838.71	178.70	11.37	1,006.04	1,392.61
Vehicles	367.32	13.64	80.10	300.86	214.73	25.72	70.51	169.94	130.92
Office equipments	5,375.68	1,061.24	117.41	6,319.51	2,482.81	704.60	106.70	3,080.71	3,238.80
Leasehold improvements	2,328.83	453.81	9.42	2,773.22	999.31	345.61	4.26	1,340.66	1,432.56
Sub-total	23,330.01	1,861.01	227.09	24,963.93	8,426.11	1,819.88	192.84	10,053.15	14,910.78
Fixed assets on operating lease									
Buildings	11.00	-	-	11.00	1.69	0.18	-	1.87	9.13
Vehicles	17,816.77	535.96	17,771.08	581.65	16,526.93	1,323.12	17,771.08	78.97	502.68
Sub-total	17,827.77	535.96	17,771.08	592.65	16,528.62	1,323.30	17,771.08	80.84	511.81
Total	41,157.78	2,396.97	17,998.17	25,556.58	24,954.73	3,143.18	17,963.92	10,133.99	15,422.59
Intangible assets									
Fixed assets for own use									
Computer softwares	897.26	63.38	-	960.64	561.60	117.49	-	679.09	281.55
Business and commercial rights	800.00	-	-	800.00	746.67	53.33	-	800.00	-
Total	1,697.26	63.38	-	1,760.64	1,308.27	170.82	-	1,479.09	281.55
Grand total	42,855.04	2,460.35	17,998.17	27,317.22	26,263.00	3,314.00	17,963.92	11,613.08	15,704.14

* Out of total 11 buildings owned by the Company, registration of title for 3 buildings is pending.

NOTE 13 : NON-CURRENT INVESTMENTS

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Other investment (at cost) (Note 42)		
Investment in equity shares		
Quoted (fully paid-up of ₹ 10/- each)	8.31	8.31
Unquoted (fully paid-up of ₹ 10/- each)		
In subsidiary	9,329.94	9,329.94
In joint venture	2,602.20	2,602.20
In others	450.43	450.43
Investment in government securities		
Unquoted (pledged with sales tax authorities)	0.16	0.16
Others		
In pass through certificates *	4,589.19	10,081.86
	16,980.23	22,472.90
Aggregate provision for diminution in value of investments	(35.58)	(35.58)
	16,944.65	22,437.32
Aggregate book value of quoted investments	8.31	8.31
Aggregate market value of quoted investments	5.55	4.58
Aggregate book value of unquoted investments	16,971.92	22,464.59

* The Company has invested in the pass through certificates (PTCs) on the assets securitised by it, as Minimum Retention Ratio, as prescribed in the guidelines issued by Reserve Bank of India from time to time. Current portion of PTCs has been included under 'Current Investments' (Note 16) and amounts to ₹ 7,198.08 lacs (2014: ₹ 9,640.61 lacs).

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

NOTE 14 : LONG-TERM LOANS AND ADVANCES

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Assets on finance*		
Secured, considered good	6,25,004.85	5,49,648.09
Secured, considered doubtful	26,830.43	6,966.03
Unsecured, considered good	65,880.02	41,603.72
	7,17,715.30	5,98,217.84
Others		
Unsecured, considered good		
Capital advances	20.26	14.07
Loans to staff	113.30	55.93
Loans and advances to related parties (Note 36)	179.60	4,661.28
Tax advances and deduction at source	818.93	1,393.51
[Net of Provision for tax aggregating ₹ 4,637.85 lacs (2014: ₹ 6,341.11 lacs)]		
Security deposits	819.52	813.59
Other loans and advances		
Margin with body corporate	-	487.78
	1,951.61	7,426.16
Unsecured, considered doubtful		
Other loans and advances		
Advances recoverable in cash or kind or for value to be received	212.00	150.00
Less: Provision against loans and advances	212.00	150.00
	-	-
	7,19,666.91	6,05,644.00

* Assets on finance includes sub-standard assets of ₹ 56,174.63 lacs (2014: ₹ 48,949.38 lacs) and is net of amounts securitised / assigned aggregating to ₹ 5,88,139.24 lacs as at 31 March 2015 (2014: ₹ 6,16,924.19 lacs).

NOTE 15 : OTHER NON-CURRENT ASSETS

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Others		
Non-current bank balances*	326.27	4,941.41
Unamortised borrowings costs	1,595.15	1,680.00
Unamortised loan origination costs (net)	7,620.59	7,696.46
Gratuity (excess of plan assets over obligation)	273.77	357.15
	9,815.78	14,675.02

* Balances with banks held as security against borrowings, guarantees amounts to ₹ 299.76 lacs (2014: ₹ 551.13 lacs) and as cash collateral for securitisation / direct assignment of receivables amounts to ₹ 26.51 lacs (2014: ₹ 4,390.28 lacs).

NOTE 16 : CURRENT INVESTMENTS

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Other investment (Note 42)		
Others (at cost)		
In pass through certificates (Note 13)	7,198.08	9,640.61
	7,198.08	9,640.61
Aggregate book value of unquoted investments	7,198.08	9,640.61

Notes to the Financial Statements (continued)

NOTE 17 : TRADE RECEIVABLES

(₹ in Lacs)		
	As at 31 March 2015	As at 31 March 2014
Unsecured, considered good		
Debts outstanding for a period exceeding six months from the date they became due for payment	-	-
Other debts	752.11	1,550.52
	752.11	1,550.52

NOTE 18 : CASH AND BANK BALANCES

(₹ in Lacs)		
	As at 31 March 2015	As at 31 March 2014
Cash and cash equivalents		
Cash in hand	5,689.50	5,944.62
Balances with banks		
In current and cash credit accounts	17,158.79	26,634.51
In deposits with original maturity of 3 months or less	150.38	-
	22,998.67	32,579.13
Other bank balances *		
In unpaid dividend account	24.50	21.16
In deposits with original maturity of 3 months or less	6,029.71	3,096.91
In deposits with original maturity of more than 3 months to 12 months	20,784.37	24,136.53
Current maturities of deposits with original maturity of more than 12 months	6,757.92	9,708.62
	33,596.50	36,963.22
	56,595.17	69,542.35

* Balances with banks held as security against borrowings, guarantees amounts to ₹ 2,591.31 lacs (2014: ₹ 2,313.18 lacs) and as cash collateral for securitisation / direct assignment of receivables amounts to ₹ 30,575.98 lacs (2014: ₹ 34,621.42 lacs). Fixed deposits accounts with more than twelve months maturity amounting to ₹ 326.27 lacs (2014: ₹ 4,941.41 lacs) included under 'Other Non-Current Assets' (Note 15).

NOTE 19 : SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)		
	As at 31 March 2015	As at 31 March 2014
Asset on finance		
Secured, considered good	3,14,411.82	317,781.35
Unsecured, considered good	69,590.77	57,443.52
	3,84,002.59	3,75,224.87
Others		
Unsecured, considered good		
Loan and advances to related parties (Note 36)	537.25	380.24
Other loans and advances		
Loans to staff	191.45	214.15
Advances recoverable in cash or kind or for value to be received	3,546.23	2,275.86
Prepaid expenses	606.70	614.96
Margin with body corporate	78.87	-
Balances with statutory / government authorities	1,603.65	1,896.95
	6,564.15	5,382.16
	3,90,566.74	3,80,607.03

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

NOTE 20 : OTHER CURRENT ASSETS

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Others		
Accrued interest / financial charges	211.66	317.32
Unamortised borrowings costs	1,253.45	1,807.97
Unamortised loan origination costs (net)	7,813.19	7,346.36
Others	16.01	21.28
	9,294.31	9,492.93

NOTE 21 : REVENUE FROM OPERATIONS

	(₹ in Lacs)	
	Year ended 31 March 2015	Year Ended 31 March 2014
Interest / finance income		
On assets on finance	1,74,300.63	1,60,221.89
On securitisation and assignment of loans	9,452.65	8,966.65
On pass through certificates	878.56	1,104.69
On fixed deposits	3,641.24	3,744.77
On loans and margins	1,731.70	1,918.34
	1,90,004.78	1,75,956.34
Other financial income		
Lease rentals	529.71	77.60
Collection and support services	7,524.77	5,770.73
Others	3,818.19	2,873.11
	11,872.67	8,721.44
	2,01,877.45	1,84,677.78

NOTE 22 : OTHER INCOME

	(₹ in Lacs)	
	Year ended 31 March 2015	Year Ended 31 March 2014
Sale of power	1,043.76	1,148.44
Insurance commission	1,116.35	924.84
Rental income	2.67	2.67
Bad debt recovered	553.10	824.65
Miscellaneous income	1.92	6.44
	2,717.80	2,907.04

Notes to the Financial Statements (continued)

NOTE 23 : EMPLOYEE BENEFITS EXPENSE

	(₹ in Lacs)	
	Year ended 31 March 2015	Year Ended 31 March 2014
Salaries and wages	26,827.98	19,492.94
Contribution to provident and other funds	1,213.16	767.37
Employee share based compensation expense	3.06	63.02
Staff welfare expenses	925.54	985.80
	28,969.74	21,309.13

NOTE 24 : FINANCE COSTS

	(₹ in Lacs)	
	Year ended 31 March 2015	Year Ended 31 March 2014
Interest expense		
On debentures	30,941.44	34,473.03
On term loans	16,791.91	12,873.98
On cash credit and working capital facilities	40,942.32	38,211.32
On others	17.02	165.75
Discount on commercial papers	13,087.60	15,205.34
Other borrowing costs	4,406.04	4,783.83
Mark-to-market (profit) / losses on derivative contracts (Note 35(c))	(42.32)	(197.06)
	1,06,144.01	1,05,516.19

NOTE 25 : PROVISIONS AND BAD DEBTS WRITTEN-OFF

	(₹ in Lacs)	
	Year ended 31 March 2015	Year Ended 31 March 2014
Bad debts written-off	15,662.79	9,737.98
Provision for non-performing assets	6,302.82	6,495.20
Contingent provision against standard assets	290.00	(90.00)
	22,255.61	16,143.18

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

NOTE 26 : OTHER EXPENSES

	(₹ in Lacs)	
	Year ended 31 March 2015	Year Ended 31 March 2014
Rent	1,686.86	1,546.05
Brokerage and commission	12,435.60	11,027.04
Rates and taxes	44.29	126.03
Insurance	110.42	122.76
Advertisement and publicity	473.37	703.41
Travelling and conveyance	2,459.65	1,990.38
Repairs and maintenance		
- machinery	220.97	212.49
- others	942.75	585.40
Payment to directors		
- fees	14.43	13.91
- commission	143.35	158.35
Professional fees	1,750.93	1,504.13
Legal charges	1,357.26	1,271.83
Printing and stationery	568.75	540.25
Communication	1,262.25	1,118.07
Electricity charges	660.74	684.89
CSR expenditure	30.95	15.47
Loss on sale of fixed assets	52.53	17.63
Miscellaneous expenses	2,048.57	1,824.60
	26,263.67	23,462.69

NOTE 27 : EMPLOYEE BENEFITS

Gratuity benefit plan

The following tables set out the status of the gratuity plan as required under Accounting Standard (AS) 15 (revised) on Employee Benefits.

(a) Reconciliation of opening and closing balances of the present value of defined benefit obligation

	(₹ in Lacs)	
	Year ended 31 March 2015	Year Ended 31 March 2014
Opening defined benefit obligation	952.71	862.62
Current service cost	179.89	178.47
Interest cost	79.00	66.30
Actuarial losses /(gains)	238.68	(27.04)
Benefits paid	(172.95)	(127.64)
Closing defined benefit obligation	1,277.33	952.71

Notes to the Financial Statements (continued)

(b) Changes in the fair value of the plan assets are as follows

(₹ in Lacs)

	Year ended 31 March 2015	Year Ended 31 March 2014
Opening fair value of the plan assets	1,309.86	1,090.09
Actual return on plan assets	125.00	95.63
Contributions by employer	294.45	251.78
Actuarial (losses) / gains	(5.26)	-
Benefits paid	(172.95)	(127.64)
Closing fair value of the plan assets	1,551.10	1,309.86

(c) Net asset / (liability) recognised in the balance sheet

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Defined benefit obligation	(1,277.33)	(952.71)
Fair value of plan assets	1,551.10	1,309.86
Net asset	273.77	357.15

(d) Expenses recognised in the statement of profit and loss account

(₹ in Lacs)

	Year ended 31 March 2015	Year Ended 31 March 2014
Current service cost	179.89	178.47
Interest on defined benefit obligation	79.00	66.30
Net actuarial losses / (gains) recognised	243.94	(27.04)
Expected return on plan assets	(125.00)	(95.63)
Net expense included in "Employee benefits expenses"	377.83	122.10

(e) Summary of actuarial assumptions

	Year ended 31 March 2015	Year Ended 31 March 2014
Discount rate	7.89%	9.12%
Salary increase	5.00%	5.00%
Expected rate of return on plan assets	9.12%	8.30%

(f) **Discount rate:** The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

(g) **Expected rate of return on plan assets:** This is based on the expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

(h) **Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

(i) Experience adjustments

(₹ in Lacs)

	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Present value of defined benefit obligation	(1,277.33)	(952.71)	(862.62)	(623.73)	(526.64)
Fair value of plan assets	1,551.10	1,309.86	1,090.09	864.39	700.46
Funded status [surplus/(deficit)]	273.77	357.15	227.47	240.66	173.82
Experience (gain)/loss adjustment on plan liabilities	60.94	67.87	56.36	40.78	-
Experience gain/(loss) adjustment on plan assets	(5.26)	-	(6.57)	(1.39)	-
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	177.74	(94.91)	43.40	(19.55)	173.82

NOTE 28 : LEASE TRANSACTIONS IN THE CAPACITY OF LESSEE

Lease rental expense under non-cancellable operating lease during the year ended 31 March 2015 and 31 March 2014 amounted to ₹ 159.18 lacs and ₹ 191.10 lacs respectively. Future minimum lease payments under non-cancellable operating lease is as below:

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Not later than one year	24.91	93.81
Later than one year but not later than five years	-	3.43
Later than five years	-	-

Additionally, the Company uses the office facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year ended 31 March 2015 and 31 March 2014 was ₹ 1,750.38 lacs and ₹ 1,529.61 lacs respectively.

NOTE 29 : EARNINGS PER SHARE (EPS)

The computation of EPS is set out below:

	Units	Year ended 31 March 2015	Year ended 31 March 2014
Basic & Diluted			
(a) (i) Weighted average number of equity shares (Face Value of ₹ 2/- per share) for Basic EPS	Nos.	19,02,89,119	19,00,56,650
(ii) Weighted average number of equity shares for diluted EPS [after considering 8.68 lacs shares (2014: 2.17 lacs) resulting from assumed exercise of employee stock options and equity warrants]	Nos.	19,11,57,516	19,02,73,412
(b) Net profit after tax	₹ in Lacs	14,906.75	13,557.32
(c) Less : Preference dividend including tax thereon	₹ in Lacs	1,171.17	1,268.04
(d) (i) Net profit for equity shareholders for basic EPS	₹ in Lacs	13,735.58	12,289.28
(ii) Net profit for equity shareholders for diluted EPS	₹ in Lacs	13,735.58	12,289.28
(e) (i) Earning per share (face value of ₹ 2/- per share) – Basic	₹	7.22	6.47
(ii) Earning per share (face value of ₹ 2/- per share) – Diluted	₹	7.19	6.46

Notes to the Financial Statements (continued)

NOTE 30 : CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(a) Contingent liabilities

(₹ in Lacs)		
	As at 31 March 2015	As at 31 March 2014
1 Claims against the Company not acknowledged as debt		
(i) Income tax matters under dispute	13.61	4.48
(ii) VAT matters under dispute	191.16	248.79
(iii) Service tax matters under dispute	115.00	115.00
(iv) Legal cases against the Company *	183.29	255.88
2 Guarantees		
(i) Recourse obligation in respect of securitised assets [net of cash collaterals of ₹ Nil (2014: ₹ 1,746.00 lacs)]	-	2,617.33
(ii) Unexpired bank guarantee	40,154.22	42,630.34

* The Company is also involved in other law suits, claims, investigations and proceedings, including collection and repossession related matters, which arise in the ordinary course of business. However, there are no significant claims on such cases.

(b) Commitments

(₹ in Lacs)		
	As at 31 March 2015	As at 31 March 2014
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	399.81	333.43
(ii) Redemption of preference shares (including premium)	9,950.40	11,672.44

(c) The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision required under any law/accounting standard/RBI regulation for material foreseeable losses on such long term contracts has been made in the books of account.

NOTE 31 : PAYMENTS TO AUDITORS (INCLUDED IN PROFESSIONAL FEES)

(₹ in Lacs)		
	Year ended 31 March 2015	Year Ended 31 March 2014
Audit fees	32.00	30.00
Limited review of quarterly results	21.00	21.00
Other services	-	1.00
Reimbursement of expenses	9.92	12.31
Total	62.92	64.31

NOTE 32 : LOANS AND ADVANCES TO SUBSIDIARY / STEP DOWN SUBSIDIARY COMPANY

(₹ in Lacs)		
Name of the Subsidiary	Maximum Outstanding	As at 31 March 2015
Magma ITL Finance Limited [a subsidiary]	9,500.00 (16,500.00)	- (4,500.00)

Previous year's figures are stated in brackets.

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

NOTE 33 : ADDITIONAL NOTES

- (a) C.I.F. value of imports of goods acquired for asset financing arrangements ₹ Nil (2014: ₹ 132.66 lacs).
- (b) Earnings in foreign currency ₹ Nil (2014: ₹ Nil).
- (c) Expenditure in foreign currency on account of professional fees, travelling and others ₹ 76.54 lacs (2014: ₹ 57.58 lacs).
- (d) Dividend remitted in foreign currency

	(₹ in Lacs)	
	Paid in 31 March 2015	Paid in 31 March 2014
Preference shares		
Year to which the dividend relates	2013-14	2012-13
Number of shareholder	1	1
Number of shares held	86,10,198	86,10,198
Amount remitted (₹ lacs)	290.93	402.31

NOTE : 34

- (a) Commissioner of service tax had issued a show cause notice in respect of the financial years 2002-03 to 2006-07 on 16 October 2007 and the matter was adjudicated vide Order dated 31 March 2009, confirming the service tax liability at ₹ 464 lacs plus interest and penalty. The Company had made payment of ₹ 304 lacs in financial year 2010-11 in relation to the said Order and charged the same to the statement of profit and loss. Simultaneously, the Company had preferred an appeal against the Order of Commissioner of service tax at the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Kolkata. The service tax department had also preferred an appeal against the said Order of the Commissioner with CESTAT, Kolkata. In course of hearing at CESTAT the Company made a further payment of ₹ 100 lacs as pre-deposit in financial year 2011-12 which had been charged to the statement of profit and loss. Vide its Order dated 21 March 2012 the Hon'ble CESTAT has set aside the impugned Order of the Commissioner of service tax Kolkata and has passed an Order remanding the matter to the Commissioner of service tax, Kolkata for a revised assessment. Further, the Company has filed a writ petition before the Hon'ble High Court of Calcutta against the impugned order of CESTAT. The Hon'ble High Court of Calcutta has admitted our writ and set aside and quashed the impugned order. The Hon'ble High Court vide it's order has mentioned that Tribunal shall decide the Appeal afresh in accordance with law expeditiously. The matter has been heard at length in the last week of October, 2014 and the order is reserved by the Honorary Bench of CESTAT. Hence the matter is still pending before the Hon'ble CESTAT Kolkata.
- (b) Commissioner of service tax had issued a show cause notice dated 7 April 2008 in respect of the financial years 2002-03 to 2005-06 in the matter of erstwhile Shracchi Infrastructure Finance Limited which was merged with the Company with effect from 1 April 2006. The matter was decided by the Commissioner of service tax vide Order dated 24 September 2009, confirming the service tax liability at ₹ 83 lacs plus interest and penalty. The Company had made payment of ₹ 68 lacs in the financial years 2010-11 against the said Order and charged the same to the statement of profit and loss. Simultaneously, the Company had preferred an appeal against the impugned Order of Commissioner of service tax in CESTAT, Kolkata which have stayed the balance of the demand amounting to ₹ 15 lacs. The said amount of ₹ 15 lacs has been shown as a contingent liability.
- (c) Commissioner of service tax had issued another show cause notice dated 4 April 2008 in respect of the financial years 2002-03 to 2005-06 in the matter of erstwhile Shracchi Infrastructure Finance Limited which was merged with the Company with effect from 1 April 2006. The matter was decided by the Commissioner of service tax vide Order dated 24 September 2009, confirming the service tax liability at ₹ 125 lacs plus interest and penalty. The Company had preferred an appeal against the impugned Order of Commissioner of service tax before CESTAT, Kolkata. In course of hearing at CESTAT the Company made a payment of ₹ 25 lacs as pre-deposit in financial year 2011-12 which had been charged to the statement of profit and loss. CESTAT, Kolkata has stayed the balance of the demand amounting to ₹ 100 lacs. The said amount of ₹ 100 lacs has been shown as a contingent liability.

Notes to the Financial Statements (continued)

- (d) Fringe benefit tax had been levied on fringe benefit provided to employees as per Section 115W of the Income Tax Act, 1961. The Company had filed a writ petition before the Hon'ble Court of Calcutta and had been granted stay order on the same. The case has since been transferred to Hon'ble Supreme Court and is yet to be finally disposed off by the Hon'ble Supreme Court. In view of this, the Company had not provided for any liability against fringe benefit tax in the earlier years. In terms of Finance Act, 2009, Fringe Benefit Tax has been withdrawn effective 1 April 2009.

NOTE 35 : DISCLOSURE REQUIRED IN TERMS OF THE REVISED REGULATORY FRAMEWORK FOR NBFC ISSUED BY RBI ON 10 NOVEMBER, 2014

(a) Capital

	As at 31 March 2015	As at 31 March 2014
(i) CRAR (%)	16.3	16.6
(ii) CRAR -Tier I Capital (%)	11.1	11.5
(iii) CRAR -Tier II Capital (%)	5.2	5.1
(iv) Amount of subordinated debt raised as Tier-II capital (₹ in Lacs)	95,850.00	78,350.00
(v) Amount raised by issue of Perpetual Debt Instruments (₹ in Lacs)	10,550.00	10,550.00

(b) Investments

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	24,178.31	32,113.51
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	35.58	35.58
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	24,142.73	32,077.93
(b) Outside India	-	-
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	35.58	35.58
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	35.58	35.58

(c) Derivative

1 Forward Rate Agreement / Interest rate Swap

	(₹ in Lacs)	
Particulars	As at 31 March 2015	As at 31 March 2014
(i) The notional principal of swap agreements	2,600.40	3,900.60
(ii) Loss which would be incurred if counterparties failed to fulfill their obligations under the agreements	353.40	530.10
(iii) Collateral required by the NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of swap book loss	-	42.32

The Company has recognised gain of ₹ 42.32 lacs for the year ended 31 March 2015 (2014: gain of ₹ 197.06 lacs) relating to derivative financial instrument.

The Company does not have any exposure to exchange traded interest rate (IR) derivatives as at 31 March 2015 and 31 March 2014.

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

2 Disclosures on risk exposure in derivatives

Qualitative disclosure

Fair value of derivative contracts is determined based on the appropriate valuation techniques considering the terms of the contract as at the balance sheet date. Mark to market losses in derivative contracts are recognised in the statement of profit and loss in the period in which they arise. Mark to market gains are not recognised keeping in view the principle of prudence as enunciated in "Accounting Standard (AS) 1 - Disclosure of Accounting Policies".

Quantitative disclosure

	(₹ in Lacs)	
	Currency Derivative	Interest Rate Derivative
(i) Derivatives (Notional Principal Amount) : For Hedging	2,600.40	-
(ii) Marked to Market Positions		
(a) Asset (+)	-	-
(b) Liability (-)	-	-
(iii) Credit Exposure	-	-
(iv) Unhedged Exposures	-	-

(d) Disclosures relating to Securitisation

1 (i) Outstanding amount of Securitised assets as per books of the SPVs

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
1 No. of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions *	31	26
2 Total amount of securitised assets as per books of the SPVs sponsored	2,13,371.40	3,24,842.16
3 Total amount of the 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	21,315.76	18,288.33
Others	11,787.25	19,722.47
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposure to own securitisation		
First loss	-	-
Others	28,315.35	23,129.35
(ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
(i) Exposure to own securitisation		
First loss	-	-
Others	18,922.94	28,230.04
(ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-

* Only the SPVs relating to outstanding securitisation transactions are reported here.

** The above figures are being reported based on certificate issued by the auditors of the SPV, as required by revised guidelines on transfer of assets through securitisation.

Notes to the Financial Statements (continued)

(ii) **Accounting for Excess Interest Spread (EIS)**

The Company recognises EIS on securitisation transactions in line with RBI circular "Revisions to the Guidelines on Securitisation Transactions" issued on 21 August 2012 which requires recognition of EIS only when redeemed in cash. Accordingly, the gross income on securitisation and assignment of loans aggregating to ₹ 2,498.16 lacs for the year ended 31 March 2015 (2014: ₹ 7,292.85 lacs) has not been recognised.

(iii) **The value of "excess interest spread receivable" and "unrealised gain" on securitisation transactions undertaken in terms of guidelines on securitisation transaction issued by Reserve Bank of India on 21 August 2012 is given below:**

		(₹ in Lacs)			
		As at 31 March 2015		As at 31 March 2014	
		Non-current	Current	Non-current	Current
1	Excess interest spread receivable	4,475.80	9,082.96	8,232.96	12,821.59
2	Unrealised gain on securitisation transactions	4,475.80	9,082.96	8,232.96	12,821.59

(iv) **Additional income tax on income distributed by Securitisation Trusts**

In the Finance Act, 2013, a new provision has been introduced w.e.f. 1 June 2013 in respect of 'Tax on Distributed Income by Securitisation Trusts' ('SDT'). The income so received is exempt in the hands of the Company. During the year, the income amounting to ₹ 10,030.69 lacs (2014: ₹ 5,302.98 lacs) has been received by the Company as an investor after withholding SDT of ₹ 3,409.43 lacs (2014: ₹ 1,802.48 lacs).

2 **Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**

The Company has not sold any financial assets to securitisation / reconstruction company during the financial year ended 31 March 2015 and 31 March 2014.

3 **Details of Assignment transactions undertaken by NBFCs**

		(₹ in Lacs)	
		Year ended 31 March 2015	Year ended 31 March 2014
(i)	No. of accounts	73,278	90,810
(ii)	Aggregate value (net of provisions) of accounts sold	2,98,674.50	2,27,842.00
(iii)	Aggregate consideration	2,98,734.93	2,27,842.00
(iv)	Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	60.43	-

4 **Details of non-performing financial assets purchased / sold**

a) **Details of non-performing financial assets purchased:**

The Company has not purchased any non-performing financial assets during the financial year ended 31 March 2015 and 31 March 2014.

b) **Details of Non-performing Financial Assets sold:**

		(₹ in Lacs)	
		Year ended 31 March 2015	Year ended 31 March 2014
(i)	No. of accounts sold	1,313	-
(ii)	Aggregate outstanding *	5,159.08	-
(iii)	Aggregate consideration received	5,005.78	-

* net of provisions

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

(e) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

(₹ in Lacs)

Particulars	1day to 30/31days (1 month)	Over 1 Months upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Years to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Deposits taken	-	-	-	-	-	-	-	-	-
Advances	80,519.56	29,482.97	32,007.94	85,041.20	1,63,515.06	4,57,825.22	1,53,114.96	1,08,726.74	11,10,233.65
Investments	641.75	625.45	694.19	2,023.61	3,213.08	4,371.64	217.54	12,355.47	24,142.73
Borrowings**	90,332.09	21,553.91	43,067.10	77,599.49	1,29,293.05	3,88,893.69	1,29,566.44	92,086.34	9,72,392.10
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	15,000.00*	-	-	-	-	15,000.00

* Equivalent to USD 241.24 lacs.

** Cash credit borrowings from banks are usually for a period of 1 year. As per the prevalent practice, these facilities are renewed on a year to year basis and therefore, are revolving in nature. Accordingly, repayments of cash credit borrowings and working capital demand loans from banks aggregating ₹ 4,94,853.98 lacs has been distributed over the same period as the maturity pattern of assets on finance. Borrowings includes ₹ 1,39,813.29 lacs, which has been disclosed as 'Current maturities of long term borrowings' (Note 10).

(f) Exposures

1 Exposure to real estate sector

(₹ in Lacs)

Category	As at 31 March 2015	As at 31 March 2014
(i) Direct exposure		
A. Residential Mortgages	77,265.29	49,472.25
B. Commercial Real Estate	32,799.62	13,444.52
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential,	-	-
b. Commercial Real Estate.	-	-
(ii) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

2 Exposure to Capital Market

(₹ in Lacs)

Particulars	As at 31 March 2015	As at 31 March 2014
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	8.31	8.31
Total Exposure to Capital Market	8.31	8.31

3 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the prudential exposure limits during the financial year ended 31 March 2015 and 31 March 2014.

Notes to the Financial Statements (continued)

4 Unsecured Advances

(₹ in Lacs)

	As at 31 March 2015		As at 31 March 2014	
	Non-current	Current maturities	Non-current	Current maturities
1 Unsecured Advances	65,880.02	69,590.77	41,603.72	57,443.52

The Company has not given any unsecured advances against intangible securities such as charge over the rights, licenses, authority, etc. during the financial year ended 31 March 2015 and 31 March 2014.

(g) Registration obtained from other financial sector regulators.

Regulator	Registration No.	Date of Registration
1 Ministry of Corporate Affairs	U51504WB1978PLC031813	18 December 1978
2 Insurance Regulatory and Development Authority	Corporate agent licence no. MHI 9269978	18 December 2012

(h) Details of penalties imposed by RBI and other regulators

No penalties has been imposed by RBI and other regulators on the Company during the financial year ended 31 March 2015 and 31 March 2014.

(i) Details of Ratings assigned by credit rating agencies and migration of ratings during the year

Nature	Date of Rating Assigned	Rating Assigned	Previous Rating
1 Secured Debentures	29 July 2014	CARE AA	CARE AA+
2 Subordinated Debentures	29 July 2014	CARE AA-	CARE AA
	16 September 2014	BWR AA	BWR AA
3 Perpetual Debt Instruments	29 July 2014	CARE A+	CARE AA-
	16 September 2014	BWR AA-	BWR AA-
4 Commercial Papers	17 March 2015	CARE A1+	CARE A1+
	03 March 2015	CRISIL A1+	CRISIL A1+

(j) Remuneration of non-executive Directors

(₹ in Lacs)

Name of Directors	Nature of payment	Year ended 31 March 2015	Year ended 31 March 2014
1 Mr. Neil Graeme Brown	Sitting Fees	2.20	2.60
	Commission	30.00	30.00
2 Mr. Narayan K Seshadri	Sitting Fees	3.00	2.60
	Commission	65.00	45.00
3 Mr. Nabankur Gupta	Sitting Fees	1.60	1.80
	Commission	25.00	30.00
4 Mr. Kailash Nath Bhandari	Sitting Fees	0.20	0.80
	Commission	15.00	15.00
5 Mr. Satya Brata Ganguly	Sitting Fees	4.70	4.10
	Commission	15.00	15.00
6 Mr. Sanjay Nayar	Sitting Fees	1.60	1.20
7 Mrs. Ritva Kaarina Laukkanen	Sitting Fees	0.20	-

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

(k) Provisions and Contingencies

		(₹ in Lacs)	
Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss		Year Ended 31 March 2015	Year Ended 31 March 2014
Under "Provisions and bad debts written-off"			
1	Provision for standard assets	290.00	(90.00)
2	Provision for non-performing assets	6,302.82	6,495.20
Under "Tax expenses"			
1	Provision made towards income tax (includes deferred tax)	2,603.97	4,282.31
Under "Employee Benefit Expenses"			
1	Provision for compensated absences	497.94	309.04

(l) Concentration of Deposits, Advances, Exposures and NPAs

		(₹ in Lacs)
Particulars	As at 31 March 2015	
1 Concentration of Advances		
Total advances to twenty largest borrowers	40,378.17	
Percentage of advances to twenty largest borrowers to total advances	3.7	
2 Concentration of Exposures		
Total exposure to twenty largest borrowers/ customers	40,378.17	
Percentage of exposures to twenty largest borrowers/ customers to total exposure on borrowers/ customers	3.7	
3 Concentration of NPAs		
Total exposure to top four NPA accounts	1,472.56	
4 Sector-wise NPAs		
Sector	% of NPAs to Total Advances in that sector	
(i) Agriculture & allied activities	8.7	
(ii) MSME	1.5	
(iii) Corporate borrowers*	-	
(iv) Services	11.3	
(v) Unsecured personal loans	-	
(vi) Auto loans	7.1	
(vii) Other personal loans	2.0	

* Corporate borrowers is included in the respective sector

Notes to the Financial Statements (continued)

(m) Movement of NPAs

(₹ in Lacs)

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
i) Net NPAs to Net Advances (%)	6.1%	4.7%
ii) Movement of NPAs (Gross)		
a) Opening balance	55,915.42	21,205.41
b) Additions during the year	48,876.12	44,718.17
c) Reductions during the year	21,786.48	10,008.16
d) Closing balance	83,005.06	55,915.42
iii) Movement of Net NPAs		
a) Opening balance	45,077.38	16,862.57
b) Additions during the year	38,461.08	37,436.55
c) Reductions during the year	17,674.26	9,221.74
d) Closing balance	65,864.20	45,077.38
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	10,838.04	4,342.84
b) Provisions made during the year	10,415.04	7,281.62
c) Write-off / write-back of excess provisions	4,112.22	786.42
d) Closing balance	17,140.86	10,838.04

The Company classifies non-performing assets (NPAs) at 4 months overdue and is compliant with the requirement for the financial year ending 31 March 2017 as prescribed in the Framework. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

As a result of the above, the charge till date to the statement of profit & loss on account of asset classification norms adopted by the Company is higher by an amount of ₹ 9,014.42 lacs (2014: ₹ 7,674.03 lacs) as compared to the present RBI requirement.

(n) Disclosure of Complaints Customer Complaints

Particulars	Year ended 31 March 2015
No. of complaints pending at the beginning of the year	22
No. of complaints received during the year	3,353
No. of complaints redressed during the year	3,308
No. of complaints pending at the end of the year	67

Notes to the Financial Statements (continued)

NOTE 36 : RELATED PARTY DISCLOSURES

Related party disclosures as at and for the year ended 31 March 2015.

(A) Names of the Related parties where control exists	Nature of Relationship
i. Magma ITL Finance Limited	Subsidiary Company
ii. Magma Advisory Services Limited	Subsidiary Company
iii. Magma Housing Finance (A public Company with unlimited liability)	Step Down Subsidiary
iv. International Autotracc Finance Limited	Step Down Subsidiary (up to 22 November 2013)
v. Mr. Mayank Poddar	Chairman
vi. Mr. Sanjay Chamria	Vice Chairman & Managing Director
vii. Mr. Neil Graeme Brown	Independent Director
viii. Mr. Narayan K Seshadri	Independent Director
ix. Mr. Nabankur Gupta	Independent Director
x. Mr. Kailash Nath Bhandari	Independent Director (up to 14 May 2014)
xi. Mr. Satya Brata Ganguly	Independent Director
xii. Mr. Sanjay Nayar	Director
xiii. Mrs. Ritva Kaarina Laukkanen	Director (w.e.f. 14 October 2014)
(B) Others - With whom transactions have been taken place during the year	
Names of other Related parties	Nature of Relationship
i. Magma HDI General Insurance Company Limited	Joint Venture
ii. Jaguar Advisory Services Private Limited	Joint Venture
iii. Celica Developers Private Limited	Private Company in which Director is Member or Director
iv. Tranzmute Capital & Management Private Limited	Private Company in which Director is Member or Director
v. Microfirm Capital Private Limited	Private Company in which Director is Member or Director
vi. Mr. Girish Bhatia	Company Secretary (up to 06 September 2014)
vii. Mr. Kailash Baheti	Company Secretary (w.e.f. 07 September 2014)
viii. Mr. V. Lakshmi Narasimhan	Chief Financial Officer (up to 13 March 2015)
ix. Mr. Atul Bansal	Chief Financial Officer (w.e.f. 13 March 2015)
x. Mr. Harshvardhan Chamria	Relative of Key Managerial Personnel (w.e.f. 01 September 2014)

Notes to the Financial Statements (continued)

(₹ in Lacs)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2015	Outstanding amount as at 31 March 2015	Transaction value for the year ended 31 March 2014	Outstanding amount as at 31 March 2014
(A) Subsidiary (including step down subsidiary)					
1. Magma ITL Finance Limited	Investment in equity shares	-	3,329.94	-	3,329.94
	Long-term loans and advances given	9,000.00	-	26,000.00	4,500.00
	Refund of long-term loans and advances given	13,500.00	-	24,100.00	-
	Cost allocation made*	551.52	-	659.43	-
	Support service income	-	-	2.60	-
	Interest income	443.96	-	1,207.90	-
	Interest expense	-	-	66.89	-
	Corporate guarantee released	-	-	1,000.00	-
2. Magma Advisory Services Limited	Investment in equity shares	-	6,000.00	-	6,000.00
3. Magma Housing Finance	Short-term loans and advances given	-	-	198.72	-
	Refund of short-term loans and advances given	-	-	198.72	-
	Cost allocation made*	726.13	-	1,012.21	-
	Interest expense	-	-	23.50	-
4. International Autotrac Finance Limited	Support service income	-	-	21.10	-
(B) Joint venture					
1. Magma HDI General Insurance Company Limited	Investment in equity shares	-	2,600.00	-	2,600.00
	Short-term loans and advances given	17,865.03	537.25	14,863.18	380.24
	Refund of short-term loans and advances given	17,708.02	-	14,657.70	-
	Cost allocation made*	1,011.33	-	1,101.59	-
	Insurance commission income	1,116.35	37.67	924.84	56.43
	Insurance charges	43.32	-	8.28	-
2. Jaguar Advisory Services Private Limited	Investment in equity shares	-	2.20	-	2.20
(C) Private Company in which director is member or director					
1. Celica Developers Private Limited	Long-term loans and advances given	8.06	139.10	20.16	161.28
	Refund of long-term loans and advances given	30.24	-	63.53	-
	Refund of short-term loans and advances given	-	-	210.00	-
	Purchase of equity shares	-	-	210.00	-
	Rent expense	308.06	-	365.07	-
	Equity dividend paid	235.48	-	235.48	-

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

(₹ in Lacs)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2015	Outstanding amount as at 31 March 2015	Transaction value for the year ended 31 March 2014	Outstanding amount as at 31 March 2014
2. Tranzmute Capital & Management Private Limited**	Long-term loans and advances given	-	40.50	-	-
	Rent expense	51.56	-	-	-
	Electricity charges paid	2.70	-	-	-
	Telephone charges paid	1.14	-	-	-
3. Microfirm Capital Private Limited	Refund of short-term loans and advances given	-	-	1,041.98	-
	Equity dividend paid	272.13	-	272.13	-
	Purchase of equity shares	-	-	210.00	-
(D) Key management personnel					
1. Mr. Mayank Poddar	Rent expense	1.77	-	1.77	-
	Director's remuneration	150.00	-	150.00	-
2. Mr. Sanjay Chamria	Director's remuneration	150.00	-	150.00	-
	Commission	150.00	150.00	-	-
3. Mr. Girish Bhatia**	Salary	27.06	-	-	-
4. Mr. Kailash Baheti**	Salary	95.20	-	-	-
	Equity shares allotted on exercise of ESOP	13.50	-	-	-
5. Mr. V. Lakshmi Narasimhan **	Salary	161.31	-	-	-
	Equity shares allotted on exercise of ESOP	24.48	-	-	-
	Equity dividend paid	0.82	-	-	-
6. Mr. Atul Bansal	Salary	7.73	-	-	-
(E) Directors**					
1. Mr. Neil Graeme Brown	Sitting fees	2.20	-	-	-
	Commission	30.00	30.00	-	-
2. Mr. Narayan K Seshadri	Sitting fees	3.00	-	-	-
	Commission	65.00	65.00	-	-
3. Mr. Nabankur Gupta	Sitting fees	1.60	-	-	-
	Commission	25.00	25.00	-	-
4. Mr. Kailash Nath Bhandari	Sitting fees	0.20	-	-	-
	Commission	15.00	15.00	-	-
5. Mr. Satya Brata Ganguly	Sitting fees	4.80	-	-	-
	Commission	15.00	15.00	-	-
6. Mr. Sanjay Nayar	Sitting fees	1.60	-	-	-
7. Mrs. Ritva Kaarina Laukkanen	Sitting fees	0.20	-	-	-
(F) Relatives of Directors					
1. Mr. Harshvardhan Chamria	Salary	15.60	-	-	-

* Represents expenses recovered towards infrastructural support, operational assistance and other services.

** Related parties has been identified as per section 2(76) of the Companies Act, 2013 which is applicable from 1 April 2014. Accordingly previous year transactions/ balances have not been provided for additional related parties as they were not covered under the earlier disclosure requirements.

Notes to the Financial Statements (continued)

NOTE 37 : DISCLOSURE REQUIRED UNDER ACCOUNTING STANDARD - 5 “NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGES IN ACCOUNTING POLICIES”

Change in accounting estimate

Reserve Bank of India (RBI) has issued the Revised Regulatory Framework for Non-Banking Finance Companies (NBFCs) on 10 November 2014 and the related notification dated 27 March 2015 (collectively referred to as ‘the Framework’) to address various matters including harmonization of asset classification and provisioning norms wherein the asset classification norms for NBFCs are being brought in line with that of banks in a phased manner over a period of 3 years as per which an asset shall become a non-performing asset (NPA):

- (i) if they become overdue for 5 months for the financial year ending 31 March 2016;
- (ii) if they become overdue for 4 months for the financial year ending 31 March 2017; and
- (iii) if they become overdue for 3 months for the financial year ending 31 March 2018 and thereafter.

Currently, the Company classifies non-performing assets at 4 months default and is compliant with the requirement for the financial year ending 31 March 2017 as prescribed in the Framework.

Further, the Company has opted to align itself to the provisioning rates prescribed in the Framework effective from quarter ended 31 March 2015, on incremental NPAs as against the higher rates being followed by the company till 31 December 2014. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

The aforesaid alignment of the provisioning rates, has resulted in a net lower provision of ₹ 1,032.71 lacs for the year ended 31 March 2015.

NOTE 38 : DISCLOSURES RELATING TO FRAUD IN TERMS OF THE NOTIFICATION ISSUED BY RESERVE BANK OF INDIA

During the year ended 31 March 2015, 26 cases of frauds has been detected and reported aggregating to ₹ 611.96 lacs (2014: ₹ 464.71 lacs). The un-recovered amounts have been fully provided for / written-off.

NOTE 39 : DISCLOSURES IN TERMS OF THE NOTIFICATION ISSUED BY THE RESERVE BANK OF INDIA ON 21 MARCH 2012

(₹ in Lacs)

Particulars	As at	As at
	31 March 2015	31 March 2014
Total Gold loan portfolio*	755.36	9,820.19
Total Assets	12,31,174.68	11,31,799.03
Gold loan portfolio as a % of total assets	0.06%	0.87%

*The Company has discontinued the Gold loan product as decided in the meeting of Board of Directors held on 06 November 2014.

NOTE 40 : DISCLOSURES RELATING TO GOLD LOAN AUCTION IN TERMS OF THE NOTIFICATION ISSUED BY RESERVE BANK OF INDIA ON 16 SEPTEMBER 2013

(₹ in Lacs)

Particulars	As at	As at
	31 March 2015	31 March 2014
1 Number of loan accounts	4,234	1,445
2 Outstanding amounts	1,898.90	800.70
3 Value fetched	1,927.71	715.54
4 Whether any of its sister concerns participated in the auction	No	No

FOCUSING ON FUNDAMENTALS

Notes to the Financial Statements (continued)

NOTE 41 : DISCLOSURES IN RESPECT OF COMPANY'S JOINT VENTURES PURSUANT TO ACCOUNTING STANDARD - 27

The Company's interests in its joint ventures is as follows:

(₹ in Lacs)

Name of Venture	Country of Incorporation	Proportion of Ownership Interest	Assets	Liabilities	Income	Expenses	Contingent Liabilities & Commitments
1 Jaguar Advisory Services Private Limited	India	48.89%	2,376.98	2,376.98	54.31	52.06	-
2 Magma HDI General Insurance Company Limited	India	26.00%	21,445.17	21,445.17	226.02	2.23	-

NOTE 42 : DETAILS OF INVESTMENTS

(₹ in Lacs)

Name of the Company	As at 31 March 2015		As at 31 March 2014	
	Qty.	Book Value	Qty.	Book Value
A EQUITY SHARES (Fully paid up)				
Quoted				
1 BCL Financial Services Limited	600	0.05	600	0.05
2 Emami Paper Mills Limited	12,000	0.90	12,000	0.90
3 HGI Industries Limited	1,100	0.42	1,100	0.42
4 Hindustan Financial Management Limited	200	0.01	200	0.01
5 Integrated Thermoplastics Limited	5,000	0.15	5,000	0.15
6 ITC Limited	100	1.12	100	1.12
7 Kanoria Plaschem Limited	13,400	0.37	13,400	0.37
8 Kings International Aqua-Marine Exports Limited	20,000	4.90	20,000	4.90
9 Lok Housing and Constructions Limited	600	0.01	600	0.01
10 Prudential Sugar Limited	1,000	0.21	1,000	0.21
11 Radico Khaitan Finance Limited	200	0.01	200	0.01
12 TTG Industries Limited	20,000	0.16	20,000	0.16
Total	74,200	8.31	74,200	8.31
Unquoted (in subsidiary Company)				
1 Magma Advisory Services Limited	2,111,112	6,000.00	2,111,112	6,000.00
2 Magma ITL Finance Limited	3,32,99,400	3,329.94	3,32,99,400	3,329.94
Total	5,44,10,512	9,329.94	5,44,10,512	9,329.94
Unquoted (in joint venture Company)				
1 Magma HDI General Insurance Company Limited	2,60,00,000	2,600.00	2,60,00,000	2,600.00
2 Jaguar Advisory Services Private Limited	11,000	2.20	11,000	2.20
Total	2,60,11,000	2,602.20	2,60,11,000	2,602.20
Unquoted (in others)				
1 Fund Point Finance Limited	1,20,000	12.00	1,20,000	12.00
2 Multi-Mode Multi-Media Training Services Private Limited	1,60,000	16.00	1,60,000	16.00
3 MF Process & Solution Private Limited	1,900	0.99	1,900	0.99
4 Panchawati Holiday Resorts Limited	4,000	0.39	4,000	0.39
5 Experian Credit Information Company of India Private Limited	42,00,000	421.05	42,00,000	421.05
Total	44,85,900	450.43	44,85,900	450.43

Notes to the Financial Statements (continued)

(₹ in Lacs)

Name of the Company	As at 31 March 2015		As at 31 March 2014	
	Qty.	Book Value	Qty.	Book Value
B GOVERNMENT SECURITIES				
Unquoted				
1. 7-Years National Savings Certificate	-	0.16	-	0.16
Total	-	0.16	-	0.16
C OTHERS				
Unquoted				
1. In pass through certificate - Bharat Securitisation Trust - I	16,566	263.13	16,566	772.35
2. In pass through certificate - MFL Securitisation Trust (Series I to XXXI)	30	11,524.14	25	18,950.12
Total	16,596	11,787.27	16,591	19,722.47
Grand Total	8,49,98,208	24,178.31	8,49,98,203	32,113.51
Aggregate provision for diminution in value of investments	-	(35.58)	-	(35.58)
Net Total	8,49,98,208	24,142.73	8,49,98,203	32,077.93

NOTE 43 : SEGMENT REPORTING

As per paragraph 4 of Accounting Standard (AS) 17, on "Segment Reporting" prescribed under section 133 of the Companies Act, 2013, where a single financial report contains both consolidated financial statements and the separate financial statements of the holding Company, segment reporting needs to be presented only on the basis of consolidated financial statements. In view of this, segment information has been presented in the consolidated financial statements.

NOTE 44 : TRANSFER PRICING

The Company has developed a system of maintaining information and documents as required by the transfer pricing legislation under the Income Tax Act, 1961. Management is of the opinion that its domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

NOTE 45 : PREVIOUS YEAR'S FIGURE

Previous year's figure including those in brackets have been regrouped and / or rearranged wherever necessary.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn. No. 101248W/W-100022

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman &
Managing Director

Akeel Master
Partner
Membership No. 046768

Atul Bansal
Chief Financial Officer

Kailash Baheti
Chief Strategy Officer
& Company Secretary

Mumbai, 08 May 2015

Kolkata, 08 May 2015

FOCUSING ON FUNDAMENTALS

Schedule Annexed to the Balance Sheet

Disclosure of details as required in terms of Paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(₹ in Lacs)

Sl. No.	Particulars	Amount outstanding as at 31 March 2015	Amount overdue as at 31 March 2015
Liabilities			
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
(a)	Debentures		
	- Secured	1,43,610.00	-
	- Unsecured	1,06,400.00	-
(b)	Deferred Credits	-	-
(c)	Term Loans	1,77,976.61	-
(d)	Inter-Corporate Loans and Borrowing	-	-
(e)	Commercial Paper	49,551.51	-
(f)	Public Deposits *	0.26	-
(g)	Cash Credit / Working Capital Demand Loans from Banks	4,94,853.98	-

* Represents liability transferred to and vested in the Company pursuant to the Amalgamation of Shraci Infrastructure Finance Limited with the Company in the financial year 2006-07. The Company, in accordance with Reserve Bank of India directives had, transferred to Escrow Account, the entire outstanding amount together with interest.

(₹ in Lacs)

Sl. No.	Particulars	Amount outstanding as at 31 March 2015
Assets		
2	Break-up of Loans and Advances, including Bills Receivables (other than those included in (4) below)	
(a)	Secured	-
(b)	Unsecured	9,267.87
3	Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities	
(i)	Lease Assets including Lease Rentals under Sundry Debtors	2,264.25
(ii)	Stock on Hire including Hire Charges under Sundry Debtors	-
(iii)	Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	7,561.86
	(b) Loans other than (a) above	10,94,156.03
4	Break-up of Investments	
Current Investments		
1	Quoted	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
2	Unquoted	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-

Schedule Annexed to the Balance Sheet (continued)

(₹ in Lacs)

Sl. No.	Particulars	Amount outstanding as at 31 March 2015
Long-term Investments		
1	Quoted	
	(i) Shares (a) Equity	2.00
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
2	Unquoted	
	(i) Shares (a) Equity	12,353.30
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others	
	- National Savings Certificate	0.16
	- Pass Through Certificate	11,787.27

5 Borrower group-wise classification of assets financed as in (2) and (3) above

(₹ in Lacs)

Sl. No.	Category	Secured	Unsecured	Total as at 31 March 2015
1	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	574.92	574.92
	(c) Other related parties	-	179.60	179.60
2	Other than Related Parties	9,68,511.35	1,43,984.14	11,12,495.49
	Total	9,68,511.35	1,44,738.66	11,13,250.01

6 Investor group-wise Classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)

(₹ in Lacs)

Sl. No.	Category	Market Value / Break up or Fair Value or NAV as at 31 March 2015	Book Value (Net of Provisions) as at 31 March 2015
1	Related Parties		
	(a) Subsidiaries	29,782.97	9,329.94
	(b) Companies in the same group	-	-
	(c) Other related parties	7,086.44	2,602.20
2	Other than Related Parties	12,270.57	12,210.59
	Total	49,139.98	24,142.73

FOCUSING ON FUNDAMENTALS

Schedule Annexed to the Balance Sheet (continued)

7 Other information

		(₹ in Lacs)
Sl. No.	Particulars	Total as at 31 March 2015
(i)	Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than Related parties	83,005.06
(ii)	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than Related parties	65,864.20
(iii)	Assets acquired in satisfaction of debt	-

The Company classifies non-performing assets (NPAs) at 4 months overdue as compared to present requirement of 6 months.

Had the Company recognised NPA as per present RBI guidelines, the Company's Gross and Net NPA as on 31 March 2014 would have been lower at ₹ 66,984.84 lacs and ₹ 49,843.97 lacs respectively (2013: ₹ 41,274.21 lacs and ₹ 30,436.17 lacs respectively).

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman &
Managing Director

Atul Bansal
Chief Financial Officer

Kailash Baheti
Chief Strategy Officer
& Company Secretary

Kolkata, 08 May 2015

Independent Auditors' Report

To the Members of
Magma Fincorp Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Magma Fincorp Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entities, comprising the Consolidated Balance Sheet as at 31 March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled entities 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. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors Responsibility

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

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

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraphs below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid

FOCUSING ON FUNDAMENTALS

consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entities as at 31 March 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the note 36(b) of the consolidated financial statements, where it is reported that the Magma HDI General Insurance Company Limited ('MHDI'), a jointly controlled entity, has a solvency margin at 1.24 times as at 31 March 2015 which is below 1.50 times as stipulated by Insurance Regulatory and Development Authority (Assets, Liabilities and Solvency Margin of Insurers) Regulations 2000 and subsequent circulars and orders.

Further, we draw attention to note 36(c) of the consolidated financial statements with reference to MHDI, regarding Motor Third Party (Stop Loss) XL reinsurance cover with HDI Gerling Welt Service AG ('HDI') for the motor portfolio for all policies issued upto 31 March 2015. The Appointed Actuary has certified the motor TP ultimate loss ratio of 133% as at 31 March 2015 which has been fully provided for in the books of accounts. Against this, as per the terms of reinsurance cover, HDI has agreed to indemnify the MHDI for losses incurred in aggregate which exceed ultimate loss ratio of 119%, and upto 135%. Accordingly ₹ 4,084.40 lacs, being excess of TP ultimate loss liability of motor third party portfolio provided for in books of accounts over and above 119% as on 31 March 2015, against which insurance cover is available to the MHDI, has been suitably adjusted in claims liability.

Our opinion on the consolidated financial statements is not qualified in respect of this matter.

Other Matters

We did not audit the financial statements of Jaguar Advisory Services Private Limited and Magma HDI General Insurance Company Limited, both jointly controlled entities, whose financial statements reflect total assets of ₹ 33,458.41 lacs as at 31 March 2015, total revenues of ₹ 375.95 lacs and net cash inflows amounting to ₹ 199.45 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us

by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entities, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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, based on the comments in the auditors' reports of the Holding company, subsidiary companies and jointly controlled entities incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) in our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of other auditors;
 - (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

- (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the jointly controlled entities incorporated in India, none of the directors of the Group companies and its jointly controlled entities incorporated in India are disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entities - Refer note 33(a) to the consolidated financial statements;
 - ii. the Group and its jointly controlled entities have made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer note 33(c) to the consolidated financial statements;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, and jointly controlled entities incorporated in India

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/ W-100022

Akeel Master

Partner

Membership Number: 046768

Mumbai, 08 May 2015

FOCUSING ON FUNDAMENTALS

Annexure to the Independent Auditors' Report

The Annexure referred to in the Independent Auditor's Report to the members of Magma Fincorp Limited ('the Holding Company') for the year ended 31 March 2015:

- (i) (a) The Group and its jointly controlled entities have maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) The Group and its jointly controlled entities have a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of the physical verification is reasonable having regards to the size of the Group and its jointly controlled entities and the nature of its assets.
- (ii) The Group and its jointly controlled entities are primarily engaged in asset financing and rendering support services. Accordingly, they do not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) (a) In case of loans granted to bodies corporate listed in the register maintained under section 189 of the Companies Act, 2013 ("the Act") of the Group and its jointly controlled entities, the borrowers have been regular in re-paying the principal including interest thereon as stipulated.
- (b) There are no overdue amounts of more than rupees one lac in respect of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us that sale of certain services are for the specialized requirements of the customers and for which suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Group and its jointly controlled entities and the nature of their business with regard to purchase of fixed assets and sale of services. The activities of the Group and its jointly controlled entities do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Group and jointly controlled entities have not accepted any deposits from the public, except for deposits taken over by the Holding Company by way of merger in the year ended 31 March 2007. In our opinion, and according to the information and explanations given to us, the Holding Company has complied with the provisions of Section 73 to Section 76 or other relevant provisions of the Act, the rules framed there under and the directives issued by the Reserve Bank of India with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.
- (vi) We have broadly reviewed the books of account maintained by the Holding Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act, in respect of sale of power generated from windmills and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the other services rendered by the Group and jointly controlled entities.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination

of the records of the Group and jointly controlled entities, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth tax, service tax, value added tax, cess and any other material statutory dues have generally been regularly deposited during the year by the Group and jointly controlled entities with the appropriate authorities *except for delays with respect to deposit of professional tax with appropriate authorities awaiting registration*. As explained to us, the Group and jointly controlled entities did not have any dues on account of sales tax, customs duty and excise duty.

According to the information and explanations given to us, *except for professional tax amounting to ₹ 5.08 lacs* which was outstanding for more than six months as at the year end, there are no undisputed amounts payable in respect of provident fund, employees state insurance,

income-tax, wealth tax, service tax, value added tax, cess and any other material statutory dues were in arrears, as at 31 March 2015, for a period of more than six months from the date they became payable. As explained to us, the Group and jointly controlled entities did not have any dues on account of sales tax, customs duty and excise duty.

- (b) According to the information and explanations given to us, there are no material dues of wealth tax and cess which have not been deposited with the appropriate authorities on account of any dispute. As explained to us, the Group and jointly controlled entities did not have any dues on account of sales tax, customs duty, and excise duty. However, according to information and explanations given to us, the following dues of income-tax, value added tax and service tax have not been deposited by the Group and jointly controlled entities on account of disputes:

Name of the Statute	Nature of the dues	Amount (₹ lacs)	Amount paid under protest (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	8.62	-	AY 2007 - 2008	Commissioner of Income Tax (Appeal), Delhi
Finance Act, 1994	Service tax	40.36	12.00	Various financial years from 2005 - 2006 to 2008 - 2009 (up to September 2008)	Commissioner of Central Excise (Appeal), Chennai
Chapter V of the Finance Act, 1994	Service tax demanded	115.00	-	2002 - 2003 to 2006 - 2007	CESTAT, EZB, Kolkata
Chapter V of the Finance Act, 1994	Service tax demanded	60.49	-	2002 - 2003 to 2006 - 2007	CESTAT, EZB, Kolkata
West Bengal Value Added Tax Act, 2003	VAT demanded	6.86	-	2008 - 2009	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Value Added Tax Act, 2003	VAT demanded	7.21	-	2009 - 2010	West Bengal Commercial Taxes Appellate and Revisional Board
Rajasthan Value Added Tax Act 2003.	VAT demanded	24.14	-	2006 - 2007 to 2012 - 2013 (till July 2012)	Tax Board, Rajasthan
Jharkhand, Value Added Tax Act, 2005	VAT demanded	19.42	-	2006 - 2007 to 2009 - 2010	Sales Tax Tribunal, Jharkhand, Ranchi
Madhya Pradesh Value Added Tax Act, 2002	VAT demanded	133.75	-	2008 - 2009 and 2009 - 2010	Madhya Pradesh High Court, Jabalpur
Orissa Value Added Tax Act, 2004	VAT demanded	57.41	-	1 April 2007 to 30 September 2012	Sales Tax Tribunal, Orissa

FOCUSING ON FUNDAMENTALS

- (c) According to the information and explanations given to us the amounts which were required to be transferred to the Investor Education and Protection Fund has been transferred to such fund within time.
- (viii) The Group and its jointly controlled entities do not have any accumulated losses at the end of the financial year and have not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) According to the information and explanations given to us, the Group and its jointly controlled entities have not defaulted in repayment of dues to any bank and financial institutions or to debenture holders during the year.
- (x) In our opinion and according to the information and the explanations given to us, the Group and its jointly controlled entities have not given any guarantee for loan taken by others from banks or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained by the Group and its jointly controlled entities did not have any term loans outstanding during the year.
- (xii) During the course of our examination of the books and records of the Group and its jointly controlled entities, carried out in accordance with the general auditing practices in India, and according to the explanation and information given to us, thirty two instances of fraud on the Group and its jointly controlled entities were identified and reported during the year. We have been further informed that the frauds on the Group and its jointly controlled entities were mainly related to falsification of loan/valuation documents by borrowers, non-delivery of assets by dealers, collusion between vendors, borrowers, employees and cash mis-appropriation by the employees of the Company. The aggregate amount of such frauds is ₹ 864.17 lacs. As at 31 March 2015, the loan outstanding has been written-off / fully provided for in the statement of profit and loss.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/ W-100022

Akeel Master

Partner

Membership Number: 046768

Mumbai, 08 May 2015

Consolidated Balance Sheet

(₹ in Lacs)

	Note No.	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	17,064.48	18,780.40
Reserves and surplus	4	1,61,681.86	1,46,575.00
Fair value change account		1.34	0.49
		1,78,747.68	1,65,355.89
Minority Interest			
		3,981.47	3,321.62
Non-current liabilities			
Long-term borrowings	5	3,56,862.11	3,21,893.27
Deferred tax liabilities (net)	6	712.01	2,846.04
Long-term provisions	7	23,259.94	15,684.74
		3,80,834.06	3,40,424.05
Current liabilities			
Short-term borrowings	8	6,32,954.69	5,23,276.53
Trade payables	9	22,540.18	27,049.83
Other current liabilities	10	2,56,724.70	2,45,809.65
Short-term provisions	11	12,465.20	12,578.44
		9,24,684.77	8,08,714.45
Total		14,88,247.98	13,17,816.01
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12	17,315.28	15,496.24
- Intangible assets	12	2,435.31	367.17
- Goodwill on consolidation		1,430.34	1,430.34
- Capital work-in-progress		875.22	2,505.11
		22,056.15	19,798.86
Non-current investments	13	30,796.51	29,200.96
Long-term loans and advances	14		
- Assets on finance		9,09,964.91	7,37,963.04
- Others		2,326.78	3,207.82
Other non-current assets	15	13,613.35	17,692.38
		9,78,757.70	8,07,863.06
Current assets			
Current investments	16	10,581.74	10,990.20
Trade receivables	17	754.87	1,551.53
Cash and bank balances	18	62,683.06	82,659.35
Short-term loans and advances	19		
- Assets on finance		4,15,177.09	3,96,747.00
- Others		7,651.88	5,982.33
Other current assets	20	12,641.64	12,022.54
		5,09,490.28	5,09,952.95
Total		14,88,247.98	13,17,816.01
Significant accounting policies	2		
Notes to the financial statements	3 - 40		

The Notes referred to above form an integral part of these financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn. No. 101248W/W-100022

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman &
Managing Director

Akeel Master
Partner
Membership No. 046768

Atul Bansal
Chief Financial Officer

Kailash Baheti
Chief Strategy Officer
& Company Secretary

Mumbai, 08 May 2015

Kolkata, 08 May 2015

FOCUSING ON FUNDAMENTALS

Consolidated Statement of Profit and Loss

(₹ in Lacs)

	Note No.	Year ended 31 March 2015	Year ended 31 March 2014
REVENUE			
Revenue from operations	21	2,35,477.93	2,09,641.44
Operating result from general insurance business	22	(114.85)	(1,509.43)
Other income	23	3,234.88	3,637.29
Total revenue		2,38,597.96	2,11,769.30
EXPENSE			
Employee benefits expense	24	36,181.99	24,305.04
Finance costs	25	1,23,293.57	1,17,707.18
Depreciation and amortisation expense	12	3,456.94	3,317.50
Provisions and bad debts written-off	26	24,436.42	18,409.05
Other expenses	27	28,880.06	28,262.35
Total expense		2,16,248.98	1,92,001.12
Profit before tax		22,348.98	19,768.18
Tax expense:			
Current tax - current year		5,506.29	7,405.14
- earlier year		196.60	(999.17)
Share of current tax of joint venture		(165.70)	0.60
Net current tax		5,537.19	6,406.57
Deferred tax		(2,013.15)	(2,232.89)
Share of deferred tax of joint venture		98.35	(368.68)
Profit after tax		18,726.59	15,963.18
Minority Interest		659.85	780.31
Profit after tax and minority interest		18,066.74	15,182.87
Earnings per equity share (Nominal value of ₹ 2 each fully paid up):			
Basic (in ₹)		8.88	7.32
Diluted (in ₹)		8.84	7.31
Significant accounting policies	2		
Notes to the financial statements	3 - 40		

The Notes referred to above form an integral part of these financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn. No. 101248W/W-100022

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman &
Managing Director

Akeel Master
Partner
Membership No. 046768

Atul Bansal
Chief Financial Officer

Kailash Baheti
Chief Strategy Officer
& Company Secretary

Mumbai, 08 May 2015

Kolkata, 08 May 2015

Notes to the Consolidated Financial Statements

NOTE : 1 COMPANY OVERVIEW

Magma Fincorp Limited ('the Company'), incorporated and headquartered in Kolkata, India is a publicly held non-banking finance company and is registered as a Systemically Important Non Deposit taking Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India (RBI) Act, 1934. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange. The Company along with its subsidiaries and joint ventures, is engaged in providing asset finance, housing finance and general insurance business through its pan India branch network.

NOTE : 2 (A) SIGNIFICANT ACCOUNTING POLICIES

(i) Principles of consolidation

- (a) Consolidated financial statements include result of Magma Fincorp Limited, the parent company, its subsidiaries and joint venture (collectively referred to as 'the Group'). Consolidated financial statements are prepared as set out below:

Name of the company	Country of incorporation	Consolidated as
Magma Advisory Services Limited (MASL)	India	Subsidiary
Magma Housing Finance (A Company with unlimited liability) (MHF)	India	Step down subsidiary
Magma ITL Finance Limited (MITL)	India	Subsidiary
Jaguar Advisory Services Private Limited (JASPL)	India	Joint venture
Magma HDI General Insurance Company Limited (MHDI)	India	Joint venture

- (b) The consolidated financial statements are in conformity with the Accounting Standard (AS) 21 "Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India and prescribed under section 133 of the Companies Act, 2013.
- (c) As required by Schedule III, the Company has classified assets and liabilities into current and non-current based on the operating cycle as per the criteria set out in Schedule III to the Companies Act, 2013.
- (d) The financial statements of the Company have been combined with its subsidiaries on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses and Joint ventures have been consolidated using proportionate consolidation method whereby the venturer's share of each of the assets, liabilities, income and expenses of the joint ventures is reported as separate line items in the financial statements. Adjustments / eliminations of inter-company balances, transactions including unrealised profits have been made.
- (e) The consolidated financial statements have been prepared by using uniform accounting policies for like transactions and other events in similar circumstances in all material respect and are presented to the extent possible, in the same manner as the Company's standalone financial statements, unless otherwise stated.
- (f) Considering that the accounts of the MHF and MHDI have been prepared in accordance with and in the manner prescribed by the regulations of the National Housing Bank and the Insurance Regulatory and Development Authority respectively and the lack of homogeneity of the business, the financial statements of the housing finance company and the general insurance company have been consolidated, to the extent possible in the format as adopted by the parent, as required by Accounting Standard (AS) 21 "Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India and prescribed under section 133 of Companies Act, 2013.
- (g) The excess of cost to the parent company of its investment in the subsidiaries and joint ventures over the parent's portion of equity of the subsidiaries

Notes to the Consolidated Financial Statements (continued)

and joint ventures or vice versa is recognised in the consolidated financial statements as goodwill or capital reserve as the case may be.

- (h) Minority interest's share of net profit of the consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company.

Minority interest's share of net assets of the consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

- (i) The financial statements of the subsidiaries and joint ventures used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2015.

(ii) Basis of preparation of consolidated financial statements

- (a) The consolidated financial statements have been prepared and presented under the historical cost convention and on the accrual basis of accounting and comply with the Accounting Standards prescribed under section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 the relevant provisions of the Companies Act, 2013 (to the extent notified and applicable), the directions prescribed by the Reserve Bank of India for Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies, directions prescribed in the Housing Finance Companies (NHB) Directions, 2010 issued by the National Housing Bank and the guidelines issued by the Securities and Exchange Board of India (SEBI) to the extent applicable. In case of Magma HDI General Insurance Company Limited, the financial statement are drawn up in accordance with the Insurance Regulatory and Development Authority Act (IRDA), 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002, and order and direction issued by IRDA in this behalf and the regulations framed there under read with relevant provisions of the Insurance Act, 1938 to the extent possible.

- (b) No adjustments have been made to the financial statements of MHD, the insurance joint venture on account of diverse accounting policies as the same, being insurance companies, have been prepared under a regulated environment in contrast to those of the Company and hence not practicable to do so. Also differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

- (c) The accounting policies set out below have been applied consistently to the periods presented in these financial statements. The financial statements are presented in Indian rupees rounded off to the nearest lac upto two decimal places.

- (d) An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The operating cycle is considered as 12 months for classification of current and non-current assets and liabilities as required by Schedule III of the Companies Act, 2013.

(iii) Use of estimates and judgements

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(iv) Assets on finance

- (a) Assets on finance includes assets given on finance / loan and amounts paid for acquiring financial assets including non-performing assets (NPAs) from other Banks / NBFCs.
- (b) Assets on finance represents amounts receivable under finance / loan agreements and are valued at net investment amount including instalments due. The balance is also net of amounts securitised / assigned.

Notes to the Consolidated Financial Statements (continued)

(v) Revenue recognition

(a) Interest / finance income from assets on finance / loan included in revenue from operations represents interest income arrived at based on Internal Rate of Return method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation.

(b) Income on direct assignment / securitisation :

The Company enters into arrangements for sale of loan receivables through direct assignment / securitisation. The said assets are de-recognised upon transfer of significant risks and rewards to the purchaser and on meeting the true sale criteria.

The Company retains the contractual right to receive share of future monthly interest i.e. excess interest spread ("EIS") on the transferred assets which is the difference between the pool IRR and the yield agreed with the portfolio buyer.

The Company recognises gain / excess interest spread on direct assignment / securitisation transactions in line with RBI circular "Revisions to the Guidelines on Securitisation Transactions" issued on 21 August 2012. Accordingly, direct assignment / securitisation transactions effected post issuance of the said guidelines are accounted as under:

- i. Gain / income realised on direct assignment / securitisation of loan receivables arising under premium structure is recognised over the tenure of securities issued by Special Purpose Vehicle (SPV) / agreements. Loss, if any, is recognised upfront.
- ii. EIS under par structure of securitisation / direct assignment of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by SPV / agreements. Loss, if any, is recognised upfront.

(c) Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(d) Upfront income / expense pertaining to loan origination is amortised over the tenure of the underlying loan contracts.

(e) Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognised in the statement of profit and loss over the lease term in proportion to the recognition of lease income.

(f) Overdue interest is treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

(g) In respect of NPAs acquired, recoveries in excess of consideration paid is recognised as income in accordance with RBI guidelines.

(h) Income from power generation is recognised based on the units generated as per the terms of the respective power purchase agreements with the respective State Electricity Boards.

(i) Income from dividend is accounted for on receipt basis.

(j) All other items of income are accounted for on accrual basis.

(vi) Provisions for non-performing assets (NPA) and doubtful debts

(a) Asset financing companies

Non-performing assets ('NPA') including loans and advances, receivables are identified as sub-standard / doubtful based on the tenor of default. The tenor is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning and meets the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank)

Notes to the Consolidated Financial Statements (continued)

Directions, 2015 prescribed by Reserve Bank of India vide circular dated 10 November 2014 on Revised Regulatory Framework for Non-Banking Finance Companies (NBFCs) and the related notification dated 27 March 2015 (collectively referred to as 'the framework'). These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

All contracts which as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from written off contracts are included in "Other Income".

(b) Housing finance companies

Loans are classified as per the Housing Finance Companies (NHB) Directions, 2010 into standard and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets based on criteria stipulated by NHB. Provisions and write-offs are carried out in accordance with the requirements of NHB guidelines. These provisioning norms are considered minimum and higher provision is made based on the perceived credit risk, wherever necessary.

All contracts with overdue for more than 51 months as well as those which, as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from written-off contracts are included in "Other income".

(vii) Fixed assets, intangible assets and capital work-in-progress

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long-term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

All assets given on operating lease are shown at the cost of acquisition less accumulated depreciation.

Intangible assets are recorded at the consideration paid for acquisition / development and licensing less accumulated amortisation.

(viii) Depreciation and amortisation

Depreciation on fixed assets is provided using the straight line method at the rates specified in Schedule II to the Companies Act, 2013. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed-off.

Leasehold improvements are amortised over the underlying lease term on a straight line basis.

Depreciation on vehicles given on operating lease is provided on straight line method at rates based on tenure of the underlying lease contracts not exceeding 8 years.

Individual assets costing less than ₹ 5,000/- are depreciated in full in the year of acquisition.

For the following class of assets, based on internal assessment, the management believes that the useful lives is as given below best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Desktops	6 years
Laptops / Hand Held Device	4 years

Intangible assets are amortised over their estimated useful lives, not exceeding six years, on a straight line basis, commencing from the date the asset is available to the Company for its use.

(ix) Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying

Notes to the Consolidated Financial Statements (continued)

amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(x) Investments

- (a) Investments are classified as non-current or current based on intention of management at the time of purchase.
- (b) Non-current investments are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.
- (c) Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investments.
- (d) Any reduction in the carrying amount and any reversal of such reduction are charged or credited to the statement of profit and loss.
- (e) Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off.

(xi) Employee benefits

- (a) **Provident fund**
Contributions paid / payable to the recognised provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss.
- (b) **Gratuity**
The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

(c) Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

(xii) Employee stock option schemes

The Employees Stock Option Scheme (the Scheme) provides for grant of the equity shares of the Company to employees. The scheme provides that employees are granted an option to subscribe to the equity shares of the Company that vest in a graded manner. The options may be exercised within the specified period. The Company follows the intrinsic value method to account for its stock based employee compensation plans. The expense or credit recognised in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

(xiii) Taxes on income

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance

Notes to the Consolidated Financial Statements (continued)

with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in the statement of profit and loss.

(a) Current tax

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws.

(b) Deferred tax

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

(c) Minimum alternative tax

Minimum alternative tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(xiv) Provision

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

(a) Onerous Contracts

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

(b) Contingencies

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

(xv) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Notes to the Consolidated Financial Statements (continued)

(xvi) Derivative transactions

Fair value of derivative contracts is determined based on the appropriate valuation techniques considering the terms of the contract as at the balance sheet date. Mark to market losses in derivative contracts are recognised in the statement of profit and loss in the period in which they arise. Mark to market gains are not recognised keeping in view the principle of prudence as enunciated in "Accounting Standard (AS) 1 - Disclosure of Accounting Policies".

(xvii) Borrowing costs

Interest on borrowings is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings. Discount on commercial papers is amortised over the tenor of the commercial papers.

Brokerage and other ancillary expenditure directly attributable to a borrowing is amortised over the tenure of the respective borrowing. Unamortised borrowing costs remaining, if any, is fully expensed off as and when the related borrowing is prepaid / cancelled.

(xviii) Operating lease

Lease payments for assets taken on an operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

(xix) Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax attributable to the equity shareholders for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit / loss per share are included.

(xx) Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with an original maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

NOTE: 2 (B) SIGNIFICANT ACCOUNTING POLICIES - INSURANCE COMPANIES (TO THE EXTENT, DIFFERENT AND UNIQUE FROM THE PARENT)

(i) Basis of preparation

The accompanying financial statements are drawn up in accordance with the Insurance Regulatory and Development Authority Act, 1999, The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, and orders and directions issued by IRDA in this behalf and the Regulations framed there under read with relevant provisions of The Insurance Act, 1938 and the provisions of the Companies Act, 2013. The financial statements have been prepared under historical cost convention and on accrual basis in accordance with the generally accepted accounting principles, in compliance with the Accounting Standard (AS) as prescribed under Section 133 of the Companies Act, 2013, to the extent applicable and confirm to the statutory provisions in regard to general insurance operations in India.

(ii) Revenue recognition

(a) Premium

Premium (net of service tax), on direct business and reinsurance accepted, is recognised as income over the contract period or the period of risk, whichever is appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are recognised in the year in which they occur.

(b) Premium / discount on purchase of investments

Accretion of discount and amortisation of premium relating to fixed income / debt securities is recognised over the holding / maturity period on a straight-line basis.

(c) Profit / loss on sale of securities

Profit or loss on sale / redemption of securities is recognised on trade date basis and includes

FOCUSING ON FUNDAMENTALS

Notes to the Consolidated Financial Statements (continued)

effects of accumulated fair value changes, previously recognised for specific investments sold / redeemed during the year.

(d) Commission on reinsurance ceded

Commission on reinsurance ceded is recognised as income in the year in which reinsurance premium is ceded.

Profit commission under reinsurance treaties wherever applicable, is recognised on accrual basis. Any subsequent revisions of profit commission are recognised for in the year in which final determination of the profits are intimated by the reinsurers.

(iii) Reinsurance ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty agreements with the reinsurers. Any subsequent revision to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss reinsurance cover is accounted as per the terms of reinsurance agreements.

(iv) Reinsurance accepted

Reinsurance inward acceptance are accounted for on the basis of the statements received from the insurers.

(v) Acquisition costs

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts including reinsurance accepted and are expensed in the year in which they are incurred.

(vi) Premium received in advance

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.

(vii) Reserve for unexpired risk

Reserve for unexpired risks is made on the amount representing that part of the net premium written which is attributable to, and to be allocated to the succeeding accounting period based on the 1/365 days method as per IRDA Corrigendum on master circular no. IRDA/F&A/CIR/FA/126/07/2013 dated 03 July 2013, subject to a minimum of 100% in case of marine hull business and 50% in case of other business based on net premium written during the year as required by section 64 V (1) (ii) of the Insurance Act, 1938.

(viii) Premium deficiency

Premium deficiency is recognized if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to the subsequent accounting period as the reserve for unexpired risk. Expected claim costs duly certified by the Appointed Actuary are considered. Further, as per IRDA circular IRDA/F&A / CIR/FA/126/07/2013, dated 03 July 2013 (Corrigendum on Master Circular IRDA /F&A/CIR/F&A/231/10/2012, dated 05 October 2012), premium deficiency, if any, has been recognized for the Company as a whole.

(ix) Contributions to solatium fund

In accordance with the requirements of IRDA circular dated 18 March 2003 and based on the decision made by the General Insurance Council in its meeting held on 06 May 2005, the Company provides for contribution to Solatium Fund established by the Central Government as a percentage of gross written third party premiums for all motor policies written during the year ended 31 March 2015.

(x) Claims incurred

Claims incurred comprise claims paid (net of salvage and other recoveries), estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey / legal fees and other directly attributable costs.

Claims (net of amounts receivable from reinsurers/ coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

Estimated liability for outstanding claims at Balance Sheet date is recorded net of claims recoverable from/ payable to co-insurers / reinsurers and salvage to the extent there is certainty of realisation.

Estimated liability for outstanding claims is determined by management on the basis of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revalidated on availability of further information.

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims

Notes to the Consolidated Financial Statements (continued)

IBNER. Estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') is based on actuarial estimate duly certified by the appointed actuary of the Company. The methodology and assumptions on the basis of which the liability has been determined has also been certified by the Actuary to be appropriate, in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDA.

(xi) Investments

Investments are recorded on trade date at cost. Cost includes brokerage, transfer charges, transaction taxes as applicable, etc., and excludes pre-acquisition interest, if any.

(a) Classification

Investments maturing within twelve months from balance sheet date and investments made with the specific intention to dispose off within twelve months from balance sheet date are classified as short-term investments. Investments other than short-term investments are classified as long-term investments.

(b) Valuation

Debt securities

All debt securities are considered at historical cost adjusted for amortisation of premium or accretion of discount on straight line basis in the revenue accounts and profit and loss account over the period held to maturity holding.

The realised gain or loss on the securities is the difference between the sale consideration and the amortised cost in the books of the Company as on the date of sale determined on weighted average cost basis.

Mutual fund

Mutual fund units are stated at their Net Asset Value ('NAV') at the balance sheet date. Unrealised gains or losses are credited / debited to the fair value change account.

Fair value change account

Fair value change account represents unrealised gains or losses in respect of investments in mutual fund units outstanding at the close of the year. The balance in the account is considered as a component of shareholders' funds and not available for distribution as dividend.

Impairment of investment

The Company assesses at each balance sheet date whether there is any indication that any investment in units of mutual funds is impaired. If any such indication exists, the carrying value of such investment is reduced to its recoverable amount and the impairment loss is recognized in the revenue(s) / profit and loss account. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and investment is restated to that extent.

(xii) Allocation of income and expenses

- (a) Investment Income has been allocated on the basis of the ratio of average balance of policyholder's funds, comprising reserves for unexpired risks, IBNR, IBNER and outstanding claims to average shareholders funds, comprising share capital less accumulated losses, preliminary expenses and miscellaneous expenses to the extent not written off or adjusted.
- (b) Expenses which are directly attributable and identifiable to the business segments, are apportioned on actual basis.
- (c) Expenses which are not directly identifiable though attributable to a class of business segments collectively are apportioned amongst the respective segments on gross written premium basis.
- (d) Other allocable expenses are allocated on the basis of net earned premium.

(xiii) Foreign currency transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction. Monetary items denominated in foreign currencies at the year end are reinstated at the year end rates. Non-monetary foreign currency items are carried at cost. Any gain or loss on account of exchange difference either on settlement or on translation is recognized in the statement of profit and loss and revenue accounts as applicable.

FOCUSING ON FUNDAMENTALS

Notes to the Consolidated Financial Statements (continued)

NOTE : 3 SHARE CAPITAL

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Authorised		
26,50,00,000 (2014: 26,50,00,000) Equity shares of ₹ 2/- each	5,300.00	5,300.00
5,43,00,000 (2014: 5,43,00,000) Preference shares of ₹ 100/- each	54,300.00	54,300.00
4,00,00,000 (2014: 4,00,00,000) Preference shares of ₹ 10/- each	4,000.00	4,000.00
	63,600.00	63,600.00
Issued, subscribed and paid-up		
Equity share capital		
19,04,25,875 (2014: 19,01,19,975) Equity shares of ₹ 2/- each, fully paid up.	3,808.52	3,802.40
Preference share capital		
– (2014: 21,09,199) 9.70% Cumulative non-convertible redeemable preference shares of ₹ 100/- each (paid-up value per share reduced to ₹ Nil on redemption of fifth & final annual installments of ₹ 20/- each per share). Allotted at par on 17 February 2006 and redeemable at par in five equal annual installments starting at the end of 5 years from the date of allotment i.e. 17 February 2011 till all the preference shares are redeemed which is at the end of 9th year from the date of allotment i.e. 17 February 2015.	–	421.84
65,00,999 (2014: 65,00,999) 6 months US Dollar Libor plus 3.25% Cumulative non-convertible redeemable preference shares of ₹ 100/- each (paid-up value per share reduced to ₹ 40/- on redemption of three annual installments of ₹ 20/- each per share). Allotted at par on 26 March 2007 and redeemable at par in US Dollar over five equal annual installments of US Dollar 3 million each, for the first time on 1 April 2012 until all preference shares are redeemed i.e. 1 April 2016.	2,600.40	3,900.60
10,00,000 (2014: 10,00,000) 9.60% Cumulative non convertible redeemable preference shares of ₹ 100/- each fully paid up. Allotted at par on 19 June 2010 and redeemable at the end of 5 years i.e. 19 June 2015 along with a redemption premium equal to 25% of the consideration.	1,000.00	1,000.00
25,00,000 (2014: 25,00,000) 12.00% Cumulative non convertible redeemable preference shares of ₹ 100/- each fully paid up. Allotted at par on 30 June 2010 and redeemable at par at the end of 5 years i.e. 30 June 2015.	2,500.00	2,500.00
36,00,000 (2014: 36,00,000) 11.00% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up. Allotted at par on 12 November 2012 and redeemable at par at the end of 3 years i.e. 11 November 2015.	3,600.00	3,600.00

Notes to the Consolidated Financial Statements (continued)

(₹ in Lacs)

		As at 31 March 2015	As at 31 March 2014
3,55,55,556	(2014: 3,55,55,556) 0.01% Non-redeemable non-cumulative non-participating compulsorily convertible preference shares of ₹ 10/- each fully paid up. Allotted at a premium of ₹ 35/- each on 5 February 2013 and compulsorily convertible after 10 years i.e. 4 February 2023. The resultant equity shares to be issued and allotted upon exercise of right attached to these preference shares shall rank pari passu in all respects with the then existing equity shares of the Company.	3,555.56	3,555.56
		17,064.48	18,780.40

Reconciliation of the number of shares outstanding and the amount of share capital

(₹ in Lacs)

	As at 31 March 2015		As at 31 March 2014	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
Opening balance	19,01,19,975	3,802.40	18,99,56,775	3,799.14
Equity shares issued on exercise of ESOPs during the year	3,05,900	6.12	1,63,200	3.26
Closing balance	19,04,25,875	3,808.52	19,01,19,975	3,802.40
Preference shares				
Opening balance	5,12,65,754	14,978.00	5,42,65,754	19,700.04
6 months US Dollar Libor plus 3.25% preference shares redeemed during the year (20% annually)	(21,09,199)	(1,300.20)	-	(1,300.20)
5.00% Preference shares redeemed during the year	-	-	(30,00,000)	(3,000.00)
9.70% Preference shares redeemed during the year (20% annually)	-	(421.84)	-	(421.84)
Closing balance	4,91,56,555	13,255.96	5,12,65,754	14,978.00

Equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- each. Each holder of equity share is entitled to one vote per share.

The Company declares and pays dividend on equity shares in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting.

During the year ended 31 March 2015, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 0.80 (40%) per equity share of the face value of ₹ 2/- each. Total dividend appropriation on 19,04,25,875 equity shares for the year ended 31 March 2015 amounted to ₹ 1,833.54 lacs including corporate dividend tax of ₹ 310.13 lacs.

Notes to the Consolidated Financial Statements (continued)

During the year, the Company has allotted on 30 July 2014, 05 November 2014 and 03 February 2015, 2,11,075 equity shares, 51,325 equity shares and 43,500 equity shares respectively of the face value of ₹ 2/- each under Employee Stock Option Plan pursuant to SEBI (ESOS and ESPS) Guidelines, 1999 to the eligible employees of the Company.

The Board of Directors at their meeting held on 30 March 2015 approved issuance of 4,62,96,297 equity shares of the face value of ₹ 2/- each, at a price of ₹ 108/- each aggregating to ₹ 50,000 lacs, including a premium of ₹ 106/- per share to Zend Mauritius VC Investments, Limited, Indium V (Mauritius) Holdings Limited, Leapfrog Financial Inclusion India Holdings Limited on preferential basis under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and Companies Act, 2013 read with relevant rules thereunder and other applicable provisions, which was subsequently approved by the shareholders at the Extraordinary General Meeting held on 28 April 2015. Accordingly, the Board of Directors at their meeting held on 08 May 2015 allotted 4,62,96,297 equity shares to the above mentioned allottees. The total paid-up equity share capital of the Company stands increased to 23,67,22,172 equity shares of ₹ 2/- each aggregating to ₹ 4,734.44 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

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 to preference shareholders. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

Preference shares

The Company declares and pays dividend on preference shares in both Indian rupees and foreign currencies. The dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

The Company has redeemed ₹ 1,300.20 lacs being third installment of ₹ 20/- per share in respect of 65,00,999 cumulative non-convertible redeemable preference shares of ₹ 100/- per share during April 2014. The paid-up value as at 31 March 2015 of the above preference shares stands reduced to ₹ 40/- per share from ₹ 100/- per share. The above preference shares were redeemed out of the proceeds

of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

The Company has redeemed ₹ 421.84 lacs being fifth and final installment of ₹ 20/- per share in respect of 21,09,199 cumulative non-convertible redeemable preference shares of ₹ 100/- per share during February 2015. The paid-up value as at 31 March 2015 of the above preference shares stands reduced to ₹ Nil/- per share from ₹ 100/- per share. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

As per the terms of issue, the holders of the 65,00,999 cumulative non-convertible redeemable preference shares of ₹ 100/- each aggregating to ₹ 6,501.00 lacs (equivalent to USD 15 Million) allotted on 26 March 2007 are entitled to fixed dividend at the rate equivalent to 6 months US Dollar Libor applicable on the respective dates i.e. 30 December or 29 June depending upon the actual date of payment plus 3.25% on subscription amount of USD 15 Million.

Accordingly, the Company had provided dividend for the financial year ended 31 March 2014 in accounts based on the 6 months US Dollar Libor applicable as on 30 December 2013 and closing exchange rate applicable as on 31 March 2014 and which was liable to vary depending on the actual date of payment of the dividend. Accordingly, the excess dividend and tax thereon of ₹ 3.50 lacs (2014: deficit of ₹ 55.53 lacs) provided with respect to above preference shares for the previous financial year ended 31 March 2013 has been adjusted in the current year with consequent impact on earnings per share for the year.

In the event of liquidation of the Company, the holders of preference shares will have priority over equity shares in payment of dividend and repayment of capital.

Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares:

The Company has not issued bonus shares or shares for consideration other than cash during the five year period immediately preceding the reporting date.

Notes to the Consolidated Financial Statements (continued)

Shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2015		As at 31 March 2014	
	%	No. of shares	%	No. of shares
Equity shares				
Microfirm Capital Private Limited	17.86	3,40,15,928	17.89	3,40,15,928
Celica Developers Private Limited	15.46	2,94,34,455	15.48	2,94,34,455
Zend Mauritius VC Investments, Limited	14.10	2,68,54,375	14.12	2,68,54,375
International Finance Corporation	12.08	2,30,00,000	12.10	2,30,00,000
Lavender Investments Limited	9.90	1,88,51,431	9.63	1,83,01,431
India Capital Fund Limited	4.82	91,80,190	5.12	97,36,294
Preference shares				
Celica Developers Private Limited	72.33	3,55,55,556	69.36	3,55,55,556
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	13.23	65,00,999	16.80	86,10,198

Employee stock options

The Company instituted the Magma Employee Stock Option Plan (MESOP) in 2007 and Magma Restricted Stock Option Plan 2007 (MRSOP) in 2014, which were approved by the Board of Directors.

MESOP 2007

Under MESOP, the Company provided for the creation and issue of 10,00,000 options, that would eventually convert into equity shares of ₹ 10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee

of the Board of Directors. The options generally vest in a graded manner over a five year period and are exercisable till the grantee remains an employee of the Company. Following the sub-division of one equity share of the face value of ₹ 10/- each into five equity shares of the face value of ₹ 2/- each during the financial year ended 31 March 2011, the number of options increased from 10,00,000 to 50,00,000.

During the year, the Nomination and Remuneration Committee of the Board of Directors has granted 20,000 options under MESOP 2007 at an exercise price of ₹ 60/- per share (each option entitles the option holder to 1 equity share of ₹ 2/- each).

(In nos.)

	Year ended 31 March 2015	Year ended 31 March 2014
Outstanding options at the beginning of the year	13,42,400	11,12,900
Granted during the year	20,000	4,00,000
Exercised during the year	3,05,900	1,63,200
Lapsed during the year	4,20,000	7,300
Forfeited during the year	-	-
Outstanding options at the end of the year	6,36,500	13,42,400
Options vested and exercisable at the end of the year	96,500	2,67,400

MRSOP 2014

Under MRSOP, the Company provided for the creation and issue of 50,00,000 options, that would eventually convert into equity shares of ₹ 2/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Board of Directors and at the exercise price of the face value of ₹ 2/- each. The options will vest in a graded manner and are exercisable till the grantee remains an employee of the Company.

During the year, the Nomination and Remuneration Committee of the Board of Directors has granted 6,50,000 options under MRSOP 2014 at an exercise price of ₹ 2/- per share to eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

FOCUSING ON FUNDAMENTALS

Notes to the Consolidated Financial Statements (continued)

(In nos.)

	Year ended 31 March 2015	Year ended 31 March 2014
Outstanding options at the beginning of the year	-	-
Granted during the year	6,50,000	-
Exercised during the year	-	-
Lapsed during the year	50,000	-
Forfeited during the year	-	-
Outstanding options at the end of the year	6,00,000	-
Options vested and exercisable at the end of the year	-	-

The weighted average fair value of each option of Magma Fincorp Limited was ₹ 45.26 using the Black-Scholes model with the following assumptions:

	Units	Values
Grant date share price	₹	50.33 - 100.00
Exercise price	₹	2.00 - 60.00
Dividend yield	%	0.61 - 3.03
Expected life	years	4.30 - 4.80
Risk free interest rate	%	7.76 - 8.91
Volatility	%	42.78 - 73.94

Equity shares reserved for issue under options

(₹ in Lacs)

	No. of shares granted	Exercise price	As at 31 March 2015		As at 31 March 2014	
			No. of shares	Amount	No. of shares	Amount
Under MESOP 2007:						
Tranche I	17,54,000	36.00	14,000	28,000	1,92,400	3,84,800
Tranche II	2,50,000	60.00	1,52,500	3,05,000	2,50,000	5,00,000
Tranche III	50,000	60.00	35,000	70,000	50,000	1,00,000
Tranche IV	3,00,000	60.00	-	-	3,00,000	6,00,000
Tranche V	1,50,000	60.00	65,000	1,30,000	1,50,000	3,00,000
Tranche VI	50,000	60.00	50,000	1,00,000	50,000	1,00,000
Tranche VII	50,000	60.00	-	-	50,000	1,00,000
Tranche VIII	1,75,000	60.00	1,75,000	3,50,000	1,75,000	3,50,000
Tranche IX	1,25,000	60.00	1,25,000	2,50,000	1,25,000	2,50,000
Tranche X	20,000	60.00	20,000	40,000	-	-
Under MRSOP 2014:						
Tranche I	6,50,000	2.00	6,00,000	12,00,000	-	-

The Company has recorded compensation cost for all grants using the intrinsic value based method of accounting, in line with prescribed SEBI guidelines.

Had compensation been determined under the fair value approach described in the Guidance Note on, "Accounting for employee share based payments" issued by the Institute of Chartered Accountant of India ('ICAI'), the Company's net profit and basic and diluted earnings per share would have reduced to the proforma amounts as indicated.

Notes to the Consolidated Financial Statements (continued)

Particulars	Unit	Year ended 31 March 2015	Year ended 31 March 2014
Net profit for equity shareholders	₹ in Lacs	16,895.14	13,914.41
Add: Stock-based employee compensation expense (intrinsic value method)	₹ in Lacs	3.06	63.02
Less: Stock-based employee compensation expense (fair value method)	₹ in Lacs	4.55	139.53
Proforma net profit	₹ in Lacs	16,893.65	13,837.90
Basic earnings per share (Face value: ₹ 2/-) as reported	₹	8.88	7.32
Proforma basic earnings per share (Face value: ₹ 2/-)	₹	8.88	7.28
Diluted earnings per share (Face value: ₹ 2/-) as reported	₹	8.84	7.31
Proforma diluted earnings per share (Face value: ₹ 2/-)	₹	8.84	7.27

NOTE : 4 RESERVES AND SURPLUS

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Capital reserve		
Opening balance	480.22	457.98
Add: On amalgamation of its step-down subsidiary International Autotrac Finance Limited (IAFL) with its subsidiary Magma ITL Finance Limited (MITL)	–	22.24
	480.22	480.22
Capital reserve on consolidation	6,365.96	6,365.96
Capital redemption reserve	1,421.84	1,421.84
Securities premium reserve		
Opening balance	79,857.32	81,368.45
Add: On equity shares issued on exercise of ESOPs during the year	167.79	78.87
Less: On preference share redeemed during the year	–	1,590.00
	80,025.11	79,857.32
Employee share option outstanding		
Gross employee share compensation cost for options granted in earlier years	103.99	64.35
Less: Transferred to securities premium reserve on allotment of shares	33.18	23.38
Add: Deferred employee compensation cost	3.06	63.02
	73.87	103.99
Amalgamation reserve account	106.48	106.48
Statutory reserve (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	16,790.00	13,438.98
Add: Transfer from surplus in the statement of profit and loss	3,500.00	3,351.02
	20,290.00	16,790.00

FOCUSING ON FUNDAMENTALS

Notes to the Consolidated Financial Statements (continued)

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Statutory reserve (created pursuant to Section 29C of the National Housing Bank Act, 1987)		
Opening balance	343.07	253.00
Add: Transfer from surplus in the statement of profit and loss	340.00	90.07
	683.07	343.07
General reserve		
Opening balance	8,100.00	6,734.50
Add: Transfer from surplus in the statement of profit and loss	1,502.40	1,365.50
Less: Transferred to depreciation reserve	92.40	-
	9,510.00	8,100.00
Surplus (balance in the statement of profit and loss)		
Opening balance	33,006.11	25,729.60
Impact of amalgamation of IAFL with MITL	-	(51.85)
Profit for the year	18,066.74	15,182.87
Amount available for appropriations	51,072.85	40,860.62
Appropriations		
Proposed dividend on preference shares	973.52	1,084.21
Tax on proposed preference dividend as above	198.08	184.25
Proposed dividend on equity shares	1,523.41	1,520.96
Tax on proposed equity dividend as above	310.13	258.49
Transfer to statutory reserve (as per Reserve Bank of India Act, 1934)	3,500.00	3,351.02
Transfer to statutory reserve (as per National Housing Bank Act, 1987)	340.00	90.07
Transfer to general reserve	1,502.40	1,365.50
	42,725.31	33,006.12
	1,61,681.86	1,46,575.00

NOTE : 5 LONG-TERM BORROWINGS

(₹ in Lacs)

	Security as per	As at 31 March 2015	As at 31 March 2014
Debentures			
Secured			
Redeemable non-convertible debentures	(a)	99,050.00	1,15,010.00
		99,050.00	1,15,010.00
Unsecured			
Subordinated non-convertible perpetual debentures (Tier I capital)		10,550.00	10,550.00
Subordinated redeemable non-convertible debentures (Tier II capital)		77,930.00	74,350.00
		88,480.00	84,900.00
Term loan			
Secured *			
from banks	(b) and (c)	1,40,284.90	80,876.85
from others (financial institutions)	(b) and (c)	26,965.73	40,205.15
		1,67,250.63	1,21,082.00

Notes to the Consolidated Financial Statements (continued)

(₹ in Lacs)

	Security as per	As at 31 March 2015	As at 31 March 2014
Unsecured			
from others		2,081.48	901.27
		2,081.48	901.27
		3,56,862.11	3,21,893.27
* Aggregate of loans guaranteed by Director (including current maturities)		1,862.30	2,395.20

Nature of security

- Debtentures are secured by mortgage of Company's immovable property situated at (i) Village - Mehrun, Taluk and District - Jalgaon in the state of Maharashtra, (ii) Rajarhat, Kolkata in the state of West Bengal, and (iii) Barasat, Dist. - 24 Parganas (N) and are also secured against designated Assets on finance/loan.
- Term loans from banks / financial institutions are secured by hypothecation of designated Assets on finance/loan and future rentals receivable therefrom.
- Term loans related to wind mills owned by the Company are secured by means of mortgage of the wind mills, assignment of the related receivables, and a bank guarantee in favour of the lending institution alongwith personal guarantee of a Director.

Details of debentures

Secured redeemable non-convertible debentures

(₹ in Lacs)

Maturity schedule	Rate of interest*	As at 31 March 2015		As at 31 March 2014	
		Long-term	Current maturities	Long-term	Current maturities
> 5 Years	10.10%	2,000.00	-	-	-
3 - 5 Years	10.00% - 10.33%	7,500.00	-	50,300.00	-
1 - 3 Years	9.50% - 11.50%	89,550.00	-	64,710.00	-
0 - 1 Years	10.01% - 11.30%	-	71,460.00	-	1,17,100.00
		99,050.00	71,460.00	1,15,010.00	1,17,100.00

Unsecured subordinated non-convertible perpetual debentures (Tier I capital)

(₹ in Lacs)

Maturity schedule	Rate of interest*	As at 31 March 2015		As at 31 March 2014	
		Long-term	Current maturities	Long-term	Current maturities
> 5 Years	12.00 % - 13.75%	10,550.00	-	10,500.00	-
		10,550.00	-	10,500.00	-

These debentures are perpetual in nature and the Company has a 'Call Option' only after a minimum period of 10 years from the date of issue subject to RBI regulations.

Unsecured subordinated redeemable non-convertible debentures (Tier II capital)

(₹ in Lacs)

Maturity schedule	Rate of interest*	As at 31 March 2015		As at 31 March 2014	
		Long-term	Current maturities	Long-term	Current maturities
> 5 Years	10.70 % - 11.50%	32,700.00	-	24,200.00	-
3 - 5 Years	11.00 % - 11.75%	34,030.00	-	31,730.00	-
1 - 3 Years	11.50% - 12.00%	11,200.00	-	18,420.00	-
0 - 1 Years	11.50%	-	17,920.00	-	4,000.00
		77,930.00	17,920.00	74,350.00	4,000.00

FOCUSING ON FUNDAMENTALS

Notes to the Consolidated Financial Statements (continued)

Terms of repayment of term loans

(₹ in Lacs)

Repayment terms	Interest terms	Repayable at	As at 31 March 2015		As at 31 March 2014	
			Long-term	Current maturities	Long-term	Current maturities
Secured						
Monthly	Fixed	Par	34.30	18.90	21.98	13.79
Monthly	Floating	Par	6,388.65	8,316.84	14,706.05	12,627.05
Quarterly	Fixed	Par	1,329.40	532.90	1,862.30	532.90
Quarterly	Floating	Par	1,47,355.42	71,413.86	74,491.67	33,194.93
Half yearly	Floating	Par	12,142.86	2,857.14	30,000.00	-
			1,67,250.63	83,139.64	1,21,082.00	46,368.67
Unsecured						
Monthly	Fixed	Par	2,081.48	-	901.27	290.37
			2,081.48	-	901.27	290.37

The above secured term loans carry interest rates ranging from 10.45 % p.a. to 14.00 % p.a.

* Interest rate as at 31 March 2015

Above current maturities has been disclosed under "Other current liabilities" (Note 10)

NOTE : 6 DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Deferred tax liabilities		
Fixed assets	2,463.56	2,308.58
Unamortised expenses (net)	6,943.90	6,666.95
Others	563.63	459.36
	9,971.09	9,434.89
Deferred tax assets		
Contingent provision against standard assets	1,380.86	1,152.57
Provision for non-performing assets	6,880.84	4,382.46
Others	434.28	392.36
	8,695.98	5,927.39
Share of deferred tax assets of joint venture	563.10	661.46
	712.01	2,846.04

NOTE : 7 LONG-TERM PROVISIONS

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Provision for employee benefits		
Provision for gratuity	87.62	41.35
Provision for compensated absences	832.11	692.59
Other provisions		
Provision for non-performing assets	19,670.21	12,770.80
Contingent provision against standard assets (Tier II capital)	2,670.00	2,180.00
	23,259.94	15,684.74

Notes to the Consolidated Financial Statements (continued)

NOTE : 8 SHORT-TERM BORROWINGS

(₹ in Lacs)

	Security as per	As at 31 March 2015	As at 31 March 2014
Term loan			
Secured			
from banks	(a)	10,000.00	10,000.00
		10,000.00	10,000.00
Unsecured			
from others		-	182.97
		-	182.97
Commercial papers			
Unsecured			
Face value		85,000.00	68,200.00
Less: Unmatured discounting charges		854.93	773.30
		84,145.07	67,426.70
Loans from banks			
Secured			
Cash credit facilities	(b)	1,67,809.88	1,75,666.86
Working capital demand loans	(b)	3,70,999.74	2,70,000.00
		5,38,809.62	4,45,666.86
		6,32,954.69	5,23,276.53

Terms of repayment of term loans

(₹ in Lacs)

Repayment terms	Interest terms	Repayable at	Rate of Interest	As at 31 March 2015	As at 31 March 2014
Secured					
Half yearly	Floating	Par	10.85%	10,000.00	10,000.00
				10,000.00	10,000.00
Unsecured					
Monthly	Fixed	Par	-	-	182.97
				-	182.97

Details of unsecured commercial papers

(₹ in Lacs)

Number of units	Face value (₹ in Lacs)	Interest terms	As at 31 March 2015	As at 31 March 2014
17,000	5	Fixed	84,145.07	67,426.70
			84,145.07	67,426.70

The above commercial papers carry interest rates ranging from 9.00 % p.a. to 11.30 % p.a.

Details of cash credit facilities and working capital demand loans

The cash credit facilities are repayable on demand and carry interest rates ranging from 9.60 % p.a. to 13.45 % p.a. Working capital demand loans are repayable on demand and carry interest rates ranging from 9.45 % p.a. to 11.25 % p.a.. As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature.

FOCUSING ON FUNDAMENTALS

Notes to the Consolidated Financial Statements (continued)

Nature of security

- (a) Term loans from Banks are secured by way of hypothecation on the Company's book debts and loan instalments receivable therefrom.
- (b) Cash credit facilities and working capital demand loans from Banks are secured by hypothecation of the Company's finance/loan assets, plant and machinery and future rental income therefrom and other current assets excluding those from real estate (expressly excluding those equipments, plant, machinery, spare parts etc. and future rental income therefrom which have been or will be purchased out of the term loans and / or refinance facility from Financial Institutions, Banks or any other finance organisation). These are collaterally secured by equitable mortgage of immovable properties.

NOTE : 9 TRADE PAYABLES

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Due to micro and small enterprises*	–	–
Due to others	21,954.25	26,802.47
	21,954.25	26,802.47
Share of joint venture	585.93	247.36
	22,540.18	27,049.83

* The Company has no dues to micro and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006, as at 31 March 2015 and 31 March 2014. This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, and has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTE : 10 OTHER CURRENT LIABILITIES

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Current maturities of long-term borrowings (Note 5)	1,72,519.64	1,67,759.04
Interest accrued but not due on borrowings	12,992.36	15,246.35
Unpaid dividend #	24.50	21.16
Unclaimed matured deposits and interest accrued thereon *	0.26	2.48
Other liabilities		
Temporary book overdraft	9,077.56	9,628.00
Advances and deposits from customers	7,812.18	7,680.15
Statutory liabilities	922.27	741.40
Director's commission payable	150.00	150.00
Pending remittance on assignment	31,845.87	32,108.16
Other payables	5,844.82	4,729.96
	2,41,189.46	2,38,066.70
Share of joint venture	15,535.24	7,742.95
	2,56,724.70	2,45,809.65

Balance would be credited to Investor Education and Protection Fund as and when due.

* Represents liability transferred to and vested in the Company pursuant to the amalgamation of erstwhile Shracchi Infrastructure Finance Limited with the Company in the financial year 2006-07. The Company, in accordance with Reserve Bank of India directives, had transferred the entire outstanding amount together with interest to an escrow account.

Notes to the Consolidated Financial Statements (continued)

NOTE : 11 SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Provision for employee benefits		
Provision for gratuity	1.29	0.69
Provision for compensated absences	74.95	70.04
Other provisions		
Contingent provision against standard assets (Tier II capital)	1,320.00	1,230.00
Proposed dividend (including tax thereon)	3,001.64	3,103.44
Provision for taxation	12.51	304.48
Provision for contingent expenses	55.50	55.50
	4,465.89	4,764.15
Share of joint venture	7,999.31	7,814.29
	12,465.20	12,578.44

NOTE : 12 FIXED ASSETS

Following are the changes in the carrying value of the fixed assets for the year ended 31 March 2015

(₹ in Lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2014	Additions	Deletions	As at 31 March 2015	As at 1 April 2014	For the year	Deletions	As at 31 March 2015	As at 31 March 2015
Tangible assets									
Fixed assets for own use									
Land	30.26	-	-	30.26	-	-	-	-	30.26
Buildings *	3,461.60	57.23	-	3,518.83	1,099.62	55.66	-	1,155.28	2,363.55
Wind mills	9,701.29	-	-	9,701.29	3,356.48	410.48	-	3,766.96	5,934.33
Furniture and fixtures	2,399.12	346.56	129.54	2,616.14	1,006.05	391.19	71.18	1,326.06	1,290.08
Vehicles	300.86	100.33	96.48	304.71	169.94	43.23	65.37	147.80	156.91
Office equipments	6,319.51	1,856.33	288.31	7,887.53	3,080.71	1,361.60	255.32	4,186.99	3,700.54
Leasehold improvements	2,773.22	533.31	108.99	3,197.54	1,340.66	459.61	104.54	1,695.73	1,501.81
Sub-total	24,985.86	2,893.76	623.32	27,256.30	10,053.46	2,721.77	496.41	12,278.82	14,977.48
Fixed assets on operating lease									
Buildings	11.00	-	-	11.00	1.87	0.18	-	2.05	8.95
Vehicles	581.65	2,266.14	68.49	2,779.30	78.97	462.56	17.53	524.00	2,255.30
Sub-total	592.65	2,266.14	68.49	2,790.30	80.84	462.74	17.53	526.05	2,264.25
Total	25,578.51	5,159.90	691.81	30,046.60	10,134.30	3,184.51	513.94	12,804.87	17,241.73
Intangible assets									
Fixed assets for own use									
Computer softwares	960.64	2,488.15	-	3,448.79	679.09	412.43	-	1,091.52	2,357.27
Business and commercial rights	800.00	-	-	800.00	800.00	-	-	800.00	-
Total	1,760.64	2,488.15	-	4,248.79	1,479.09	412.43	-	1,891.52	2,357.27
Total	27,339.15	7,648.05	691.81	34,295.39	11,613.39	3,596.94	513.94	14,696.39	19,599.00
Share of joint venture	169.71	59.94	4.95	224.69	32.06	42.80	1.76	73.10	151.59
Grand total	27,508.86	7,707.99	696.76	34,520.08	11,645.45	3,639.74	515.70	14,769.49	19,750.59

* Out of total 12 buildings owned by the Company, registration of title for 3 buildings is pending.

In accordance with the requirements of Schedule II to the Companies Act, 2013, the Company has reassessed the useful lives and residual values of its fixed assets and an amount of ₹ 140.00 lacs has been charged to the opening balance of the retained earnings where remaining useful life of an asset is nil as at 01 April 2014.

FOCUSING ON FUNDAMENTALS

Notes to the Consolidated Financial Statements (continued)

Following are the changes in the carrying value of the fixed assets for the year ended 31 March 2014

(₹ in Lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2013	Additions	Deletions	As at 31 March 2014	As at 1 April 2013	For the year	Deletions	As at 31 March 2014	As at 31 March 2014
Tangible assets									
Fixed assets for own use									
Land	30.26	-	-	30.26	-	-	-	-	30.26
Buildings *	3,424.74	36.86	-	3,461.60	1,046.30	53.32	-	1,099.62	2,361.98
Wind mills	9,701.29	-	-	9,701.29	2,844.25	512.23	-	3,356.48	6,344.81
Furniture and fixtures	2,103.04	317.39	21.31	2,399.12	839.86	178.71	12.52	1,006.05	1,393.07
Vehicles	385.84	13.64	98.62	300.86	223.75	28.56	82.37	169.94	130.92
Office equipments	5,390.01	1,061.24	131.74	6,319.51	2,491.62	704.95	115.86	3,080.71	3,238.80
Leasehold improvements	2,328.83	453.81	9.42	2,773.22	999.31	345.61	4.26	1,340.66	1,432.56
Sub-total	23,364.01	1,882.94	261.09	24,985.86	8,445.09	1,823.38	215.01	10,053.46	14,932.40
Fixed assets on operating lease									
Buildings	11.00	-	-	11.00	1.69	0.18	-	1.87	9.13
Vehicles	17,816.77	535.96	17,771.08	581.65	16,526.93	1,323.12	17,771.08	78.97	502.68
Sub-total	17,827.77	535.96	17,771.08	592.65	16,528.62	1,323.30	17,771.08	80.84	511.81
Total	41,191.78	2,418.90	18,032.17	25,578.51	24,973.71	3,146.68	17,986.09	10,134.30	15,444.21
Intangible assets									
Fixed assets for own use									
Computer softwares	1,161.04	63.38	263.78	960.64	825.38	117.49	263.78	679.09	281.55
Business and commercial rights	800.00	-	-	800.00	746.67	53.33	-	800.00	-
Total	1,961.04	63.38	263.78	1,760.64	1,572.05	170.82	263.78	1,479.09	281.55
Total	43,152.82	2,482.28	18,295.95	27,339.15	26,545.76	3,317.50	18,249.87	11,613.39	15,725.76
Share of joint venture	103.26	66.45	-	169.71	7.08	24.98	-	32.06	137.65
Grand total	43,256.08	2,548.73	18,295.95	27,508.86	26,552.84	3,342.48	18,249.87	11,645.45	15,863.41

*Out of total 11 buildings owned by the Company, registration of title for 3 buildings is pending.

Notes to the Consolidated Financial Statements (continued)

NOTE : 13 NON-CURRENT INVESTMENTS

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Other investment (at cost)		
Investment in equity shares		
Quoted (Fully paid-up of ₹ 10/- each)	8.31	8.31
Unquoted (Fully paid-up of ₹ 10/- each)		
In others	450.43	450.43
Investment in Government securities		
Unquoted (₹ 0.16 lac pledged with sales tax authorities)	0.16	0.16
Others		
In pass through certificates *	5,724.63	11,264.23
	6,183.53	11,723.13
Aggregate provision for diminution in value of investments	(35.58)	(35.58)
	6,147.95	11,687.55
Share of joint venture	24,648.56	17,513.41
	30,796.51	29,200.96
Aggregate book value of quoted investments	8.31	8.31
Aggregate market value of quoted investments	5.55	4.58
Aggregate book value of unquoted investments	6,175.22	11,714.82

* The Company has invested in the Pass Through Certificates (PTCs) on the assets securitised by it, as Minimum Retention Ratio, as prescribed in the guidelines issued by Reserve Bank of India from time to time. Current portion of pass through certificates has been included under 'Current Investments' (Note 16) and amounts to ₹ 8,111.84 lacs (2014: ₹ 10,304.49 lacs).

NOTE : 14 LONG-TERM LOANS AND ADVANCES

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Assets on finance *		
Secured, considered good	8,13,772.18	6,87,346.27
Secured, considered doubtful	30,312.71	9,013.05
Unsecured, considered good	65,880.02	41,603.72
	9,09,964.91	7,37,963.04
Others		
Unsecured, considered good		
Capital advances	20.26	14.07
Loans to staff	123.82	55.93
Loans and advances to related parties	179.60	161.28
Tax advances and deduction at source	1,125.63	1,649.98
Security deposits	828.53	814.78
Other loans and advances		
Margin with body corporate	-	487.78
	2,277.84	3,183.82
Unsecured, considered doubtful		
Other loans and advances		
Advances recoverable in cash or kind or for value to be received	212.00	150.00
Less: Provision against loans and advances	212.00	150.00
	-	-
Share of joint venture	48.94	24.00
	9,12,291.69	7,41,170.86

* Assets on finance is net of amounts securitised/assigned aggregating to ₹ 6,29,246.58 lacs as at 31 March 2015 (2014: ₹ 6,52,506.92 lacs).

FOCUSING ON FUNDAMENTALS

Notes to the Consolidated Financial Statements (continued)

NOTE : 15 OTHER NON-CURRENT ASSETS

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Others		
Non-current bank balances*	945.27	5,031.41
Unamortised borrowings costs	1,776.39	1,832.26
Unamortised loan origination costs (net)	8,506.73	8,149.26
Gratuity (excess of plan assets over obligation)	273.77	376.81
	11,502.16	15,389.74
Share of joint venture	2,111.19	2,302.64
	13,613.35	17,692.38

* Balances with banks held as security against borrowings, guarantees amounts to ₹ 299.76 lacs (2014: ₹ 551.13 lacs) and as cash collateral for securitisation / direct assignments of receivables amounts to ₹ 645.51 lacs (2014: ₹ 4,480.28 lacs).

NOTE : 16 CURRENT INVESTMENTS

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Other investment		
Investment in mutual funds (valued at lower of cost and fair value)		
Quoted	2.89	6.43
Others (at cost)		
In Pass through certificates * (Note 13)	8,111.84	10,304.49
	8,114.73	10,310.92
Share of joint venture	2,467.01	679.28
	10,581.74	10,990.20
Aggregate book value of quoted investments	2.89	6.43
Aggregate market value of quoted investments	3.48	7.10
Aggregate book value of unquoted investments	8,111.84	10,304.49

* The Company has invested in the Pass Through Certificates (PTCs) on the assets securitised by it, as Minimum Retention Ratio, as prescribed in the guidelines issued by Reserve Bank of India from time to time.

NOTE : 17 TRADE RECEIVABLES

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Unsecured, considered good		
Debts outstanding for a period exceeding six months from the date they became due for payment	-	-
Other debts	754.87	1,551.53
	754.87	1,551.53

Notes to the Consolidated Financial Statements (continued)

NOTE : 18 CASH AND BANK BALANCES

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Cash and cash equivalents		
Cash in hand	5,690.14	5,944.80
Balances with banks		
In current and cash credit accounts	18,005.64	35,044.04
In deposits with original maturity of 3 months or less	150.38	-
Share of joint venture of cash and cash equivalents	413.61	214.16
	24,259.77	41,203.00
Other bank balances *		
In unpaid dividend account	24.50	21.16
In deposits with original maturity of 3 months or less	6,029.71	3,096.91
In deposits with original maturity of more than 3 months to 12 months	24,311.19	26,349.05
Current maturities of deposits with original maturity of more than 12 months	7,667.55	10,969.12
Share of joint venture of other bank balances	390.34	1,020.11
	38,423.29	41,456.35
	62,683.06	82,659.35

* Balances with banks held as security against borrowings, guarantees amounts to ₹ 2,684.74 lacs (2014: ₹ 2,406.61 lacs) and as cash collateral for securitisation / direct assignment of receivables amounts to ₹ 30,575.98 lacs (2014: ₹ 37,997.01 lacs). Fixed deposits accounts with more than twelve months maturity amounting to ₹ 945.27 lacs (2014: ₹ 5,031.41 lacs) included under 'Other non-current assets' (Note 15).

NOTE : 19 SHORT-TERM LOANS AND ADVANCES

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Asset on finance		
Secured, considered good	3,45,586.32	3,39,303.48
Unsecured, considered good	69,590.77	57,443.52
	4,15,177.09	3,96,747.00
Others		
Unsecured, considered good		
Loan and advances to related parties	536.53	-
Other loans and advances		
Loans to staff	289.07	222.26
Advances recoverable in cash or kind or for value to be received	3,973.41	2,868.17
Prepaid expenses	650.65	636.07
Margin with body corporate	78.87	-
Balances with statutory / government authorities	1,788.16	2,182.79
	7,316.69	5,909.29
	4,22,493.78	4,02,656.29
Share of joint venture	335.19	73.04
	4,22,828.97	4,02,729.33

FOCUSING ON FUNDAMENTALS

Notes to the Consolidated Financial Statements (continued)

NOTE : 20 OTHER CURRENT ASSETS

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Others		
Accrued interest / financial charges	1,694.77	1,219.09
Unamortised borrowings costs	1,612.26	2,131.10
Unamortised loan origination costs (net)	8,114.80	7,515.44
Others	16.88	54.71
	11,438.71	10,920.34
Share of joint venture	1,202.93	1,102.20
	12,641.64	12,022.54

NOTE : 21 REVENUE FROM OPERATIONS

	(₹ in Lacs)	
	Year Ended 31 March 2015	Year Ended 31 March 2014
Interest / finance income		
On assets on finance	2,03,062.99	1,82,588.73
On securitisation and assignment of loans	11,523.33	10,346.12
On pass through certificates	970.86	1,144.32
On fixed deposits	4,019.42	3,999.15
On loans and margins	1,394.46	900.48
	2,20,971.06	1,98,978.80
Other financial income		
Lease rentals	529.71	77.60
Collection and support services	8,014.50	6,155.74
Others	5,304.01	3,788.92
	13,848.22	10,022.26
Share of joint venture	658.65	640.38
	2,35,477.93	2,09,641.44

NOTE : 22 OPERATING RESULT FROM GENERAL INSURANCE BUSINESS

	(₹ in Lacs)	
	Year Ended 31 March 2015	Year Ended 31 March 2014
Premium income		
Premiums earned (net)	15,012.38	8,440.22
Profit / (loss) on sale / redemption of investments (net)	612.49	27.86
Interest, dividend and rent (gross)	1,615.36	718.62
Others	10.41	2.46
	17,250.64	9,189.16
Operating expense		
Claims incurred (net)	12,599.68	7,164.84
Commission (net)	280.15	204.48
Contribution to solatium fund	6.49	7.02
Operating expenses related to insurance business	4,479.17	3,322.25
	17,365.49	10,698.59
	(114.85)	(1,509.43)

Notes to the Consolidated Financial Statements (continued)

NOTE : 23 OTHER INCOME

	(₹ in Lacs)	
	Year Ended 31 March 2015	Year Ended 31 March 2014
Sale of power	1,043.76	1,148.44
Insurance commission	703.30	582.65
Gain on sale of investments	0.47	62.82
Rental income	2.67	2.67
Bad debt recoveries	1,243.80	1,773.41
Miscellaneous income	11.71	44.20
	3,005.71	3,614.19
Share of joint venture	229.17	23.10
	3,234.88	3,637.29

NOTE : 24 EMPLOYEE BENEFITS EXPENSE

	(₹ in Lacs)	
	Year Ended 31 March 2015	Year Ended 31 March 2014
Salaries and wages	33,628.18	22,382.08
Contribution to provident and other funds	1,458.44	845.12
Employee share based compensation expense	3.06	63.02
Staff welfare expenses	1,092.31	1,014.82
	36,181.99	24,305.04

NOTE : 25 FINANCE COSTS

	(₹ in Lacs)	
	Year Ended 31 March 2015	Year Ended 31 March 2014
Interest expense		
On debentures	32,996.88	36,602.59
On term loans	25,064.56	19,064.93
On cash credit and working capital facilities	43,273.94	40,686.60
On others	301.55	304.95
Discount on commercial papers	16,751.11	15,952.35
Other borrowing costs	4,947.85	5,292.82
Mark-to-market (profit) / losses on derivative contracts	(42.32)	(197.06)
	1,23,293.57	1,17,707.18

NOTE : 26 PROVISIONS AND BAD DEBTS WRITTEN-OFF

	(₹ in Lacs)	
	Year Ended 31 March 2015	Year Ended 31 March 2014
Bad debts written-off	16,957.01	11,117.98
Provision for non-performing assets	6,899.41	7,267.07
Contingent provision against standard assets	580.00	24.00
	24,436.42	18,409.05

FOCUSING ON FUNDAMENTALS

Notes to the Consolidated Financial Statements (continued)

NOTE : 27 OTHER EXPENSES

	(₹ in Lacs)	
	Year Ended 31 March 2015	Year Ended 31 March 2014
Rent	1,783.15	1,562.07
Brokerage and commission	12,937.12	11,292.80
Rates and taxes	49.49	131.87
Insurance	94.39	120.03
Advertisement and publicity	520.99	723.14
Travelling and conveyance	2,748.57	2,169.12
Repairs and maintenance		
- machinery	222.10	646.78
- others	945.78	151.21
Payment to Directors		
- fees	14.43	13.91
- commission	143.35	158.35
Professional fees	2,019.74	1,741.37
Legal charges	1,568.46	1,417.18
Printing and stationery	631.80	570.56
Communication	1,325.30	1,146.49
Electricity charges	691.33	689.09
CSR expenditure	30.95	15.47
Loss on sale of fixed assets	52.53	26.40
Miscellaneous expenses	3,045.34	5,643.06
	28,824.82	28,218.90
Share of joint venture	55.24	43.45
	28,880.06	28,262.35

Notes to the Consolidated Financial Statements (continued)

NOTE : 28 SEGMENT REPORTING

The Group is organised into following reportable segments referred to in Accounting Standard (AS - 17) "Segment Reporting":

(a) Primary segment: Business segment

(₹ in Lacs)

	Finance and mortgages	General insurance	Others	Total
Revenue				
(i) External and other income	2,36,490.53	718.66	1,388.77	2,38,597.96
	(2,11,211.22)	(891.36)	(1,423.04)	(2,11,742.90)
(ii) Inter-segment	397.02	(397.02)	-	-
	(339.46)	(339.46)	(-)	(-)
Total revenue	2,36,887.55	321.64	1,388.77	2,38,597.96
	(2,11,550.68)	(1,230.82)	(1,423.04)	(2,11,769.30)
Result - Profit / (loss) before tax	21,921.99	318.46	108.53	22,348.98
	(20,927.47)	(1230.82)	(71.53)	(19,768.18)
Other information				
Segment assets	14,50,177.96	30,518.33	7,551.69	14,88,247.98
	(12,88,079.37)	(21,786.84)	(7,949.80)	(1,317,816.01)
Segment liabilities	12,79,824.66	23,816.12	1,878.05	13,05,518.83
	(11,31,411.36)	(15,300.35)	(2,426.79)	(11,49,138.50)
Capital expenditure	7,648.05	59.94	-	7,707.99
	(2,482.28)	(66.45)	(-)	(2,548.73)
Depreciation and amortisation	3,046.46	-	410.48	3,456.94
	(2,805.27)	(-)	(512.23)	(3,317.50)
Non-cash expenses (other than depreciation)	7,437.09	-	-	7,437.09
	(7,094.01)	(-)	(-)	(7,094.01)

Previous year's figures are stated in brackets.

- (i) The segment information is based on the consolidated financial statements.
- (ii) The reportable segment of the group are further described as below:
 - (a) Finance and mortgages - this includes asset finance, housing finance.
 - (b) General insurance - this includes general insurance business.
 - (c) Others - includes windmill and other allied activities.

(b) All the companies included in above reporting operate within India. Hence geographic segment is not applicable.

NOTE : 29 LEASE TRANSACTIONS IN THE CAPACITY OF LESSEE

Lease rental expense under non-cancellable operating lease during the year ended 31 March 2015 and 31 March 2014 amounted to ₹ 163.90 lacs and ₹ 191.10 lacs respectively. Future minimum lease payments under non-cancellable operating lease is as below:

(₹ in Lacs)

	As at 31 March 2015	As at 31 March 2014
Not later than one year	70.72	100.75
Later than one year but not later than five years	175.16	47.96
Later than five years	128.44	42.83

Additionally, the Company uses the office facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year amounts to ₹ 1,787.11 lacs (2014: ₹ 1,533.54 lacs) [share of joint venture ₹ 35.59 lacs (2014: ₹ 3.93 lacs)].

FOCUSING ON FUNDAMENTALS

Notes to the Consolidated Financial Statements (continued)

NOTE : 30 EARNINGS PER SHARE (EPS)

The computation of EPS is set out below:

	Units	Year ended 31 March 2015	Year ended 31 March 2014
(₹ in Lacs)			
Basic & Diluted			
(a) (i) Weighted average number of equity shares (Face value of ₹ 2/- per share) for basic EPS	Nos.	19,02,89,119	19,00,56,650
(ii) Weighted average number of equity shares for diluted EPS [after considering 8.68 lacs shares (2014: 2.17 lacs shares) resulting from assumed exercise of employee stock options and equity warrants]	Nos.	19,11,57,516	19,02,73,412
(b) Net profit after tax	₹ in Lacs	1,80,66.74	15,182.87
(c) Less : Preference dividend including tax thereon	₹ in Lacs	1,171.60	1,268.46
(d) (i) Net profit for equity shareholders for basic EPS	₹ in Lacs	16,895.14	13,914.41
(ii) Net profit for equity shareholders for diluted EPS	₹ in Lacs	16,895.14	13,914.41
(e) (i) Earnings per share (Face value of ₹ 2/- per share) – basic	₹	8.88	7.32
(ii) Earnings per share (Face value of ₹ 2/- per share) – diluted	₹	8.84	7.31

NOTE : 31 RELATED PARTY DISCLOSURES

Related party disclosures as at and for the year ended 31 March 2015.

(A) Names of the related parties where control exists

i. Mr. Mayank Poddar	Chairman
ii. Mr. Sanjay Chamria	Vice Chairman & Managing Director
iii. Mr. Neil Graeme Brown	Independent Director
iv. Mr. Narayan K Seshadri	Independent Director
v. Mr. Nabankur Gupta	Independent Director
vi. Mr. Kailash Nath Bhandari	Independent Director (up to 14 May 2014)
vii. Mr. Satya Brata Ganguly	Independent Director
viii. Mr. Sanjay Nayar	Director
ix. Mrs. Ritva Kaarina Laukkanen	Director (w.e.f. 14 October 2014)

(B) Others - With whom transactions have been taken place during the year

Names of other related parties	Nature of relationship
i. Celica Developers Private Limited	Private company in which Director is Member or Director
ii. Tranzmute Capital & Management Private Limited	Private company in which Director is Member or Director
iii. Microfirm Capital Private Limited	Private company in which Director is Member or Director
iv. Pragati Sales Private Limited	Private company in which Director is Member or Director
v. Magma Consumer Finance Private Limited	Private company in which Director is Member or Director
vi. Mr. Girish Bhatia	Company Secretary (up to 06 September 2014)
vii. Mr. Kailash Baheti	Company Secretary (w.e.f. 07 September 2014)
viii. Mr. V. Lakshmi Narasimhan	Chief Financial Officer (up to 13 March 2015)
ix. Mr. Atul Bansal	Chief Financial Officer (w.e.f. 13 March 2015)
x. Mr. Harshvardhan Chamria	Relative of Key Managerial Personnel (w.e.f. 01 September 2014)

Notes to the Consolidated Financial Statements (continued)

(₹ in Lacs)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2015	Outstanding amount as at 31 March 2015	Transaction value for the year ended 31 March 2014	Outstanding amount as at 31 March 2014
A) Private company in which Director is Member or Director					
1. Celica Developers Private Limited	Long-term loans and advances given	8.06	139.10	20.16	161.28
	Refund of long-term loans and advances given	30.24	-	63.53	-
	Refund of short-term loans and advances given	-	-	210.00	-
	Purchase of equity shares	-	-	210.00	-
	Rent expense	330.44	-	365.07	-
	Equity dividend paid	235.48	-	235.48	-
	Support service income	-	-	-	-
	Preference shares holding (including securities premium received)	-	16,000.00	-	16,000.00
	Preference dividend paid	0.36	-	0.05	-
	Corporate policy issued	1.71	-	-	-
2. Tranzmute Capital & Management Private Limited *	Long-term loans and advances given	-	40.50	-	-
	Rent expense	51.56	-	-	-
	Electricity charges paid	2.70	-	-	-
	Telephone charges paid	1.14	-	-	-
3. Microfirm Capital Private Limited	Refund of short-term loans and advances given	-	-	1,041.98	-
	Equity dividend paid	272.13	-	272.13	-
	Purchase of equity shares	-	-	210.00	-
	Unsecured loan taken (including interest)	696.44	257.42	1,644.47	182.97
	Refund of unsecured loan taken (including interest)	622.00	-	1,947.55	-
	Interest expense	31.61	-	40.47	-
	Investment in redeemable cumulative preference shares	-	1,271.14	-	1,271.14
4. Pragati Sales Private Limited	Unsecured loan taken (including interest)	181.07	38.64	173.43	193.57
	Refund of unsecured loan taken (including interest)	336.00	-	0.34	-
	Interest expense	26.74	-	3.43	-
5. Magma Consumer Finance Private Limited *	Unsecured loan taken (including interest)	153.56	-	-	-
	Refund of unsecured loan taken (including interest)	153.56	-	-	-
	Interest expense	3.95	-	-	-
B) Directors *					
1. Mr. Neil Graeme Brown	Sitting fees	2.20	-	-	-
	Commission	30.00	30.00	-	-
2. Mr. Narayan K Seshadri	Sitting fees	3.00	-	-	-
	Commission	65.00	65.00	-	-
3. Mr. Nabankur Gupta	Sitting fees	1.60	-	-	-
	Commission	25.00	25.00	-	-
4. Mr. Kailash Nath Bhandari	Sitting fees	0.94	-	-	-
	Commission	15.00	15.00	-	-

FOCUSING ON FUNDAMENTALS

Notes to the Consolidated Financial Statements (continued)

(₹ in Lacs)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2015	Outstanding amount as at 31 March 2015	Transaction value for the year ended 31 March 2014	Outstanding amount as at 31 March 2014
5. Mr. Satya Brata Ganguly	Sitting fees	5.80	-	-	-
	Commission	15.00	15.00	-	-
6. Mr. Sanjay Nayar	Sitting fees	1.60	-	-	-
7. Mrs. Ritva Kaarina Laukkanen	Sitting fees	0.20	-	-	-
C) Key Management Personnel					
1. Mr. Mayank Poddar	Rent expense	1.77	-	1.77	-
	Directors' remuneration	150.00	-	150.00	-
2. Mr. Sanjay Chamria	Directors' remuneration	150.00	-	150.00	-
	Commission	150.00	150.00	-	-
3. Mr. Girish Bhatia *	Salary	27.06	-	-	-
4. Mr. Kailash Baheti *	Salary	95.20	-	-	-
	Equity shares allotted on exercise of ESOP	13.50	-	-	-
5. Mr. V. Lakshmi Narasimhan *	Salary	161.31	-	-	-
	Equity shares allotted on exercise of ESOP	24.48	-	-	-
	Equity dividend paid	0.82	-	-	-
6. Mr. Atul Bansal	Salary	7.73	-	-	-
D) Relatives of Directors					
1. Mr. Harshvardhan Chamria	Salary	15.60	-	-	-

* Related parties has been identified as per section 2(76) of the Companies Act, 2013 which is applicable from 1 April 2014. Accordingly previous year transactions/ balances have not been provided for additional related parties as they were not covered under the earlier disclosure requirements.

Transactions with related parties have been identified on the basis of related party transactions disclosed in financial statement of the respective subsidiary and joint venture entities.

NOTE : 32 CASH FLOW STATEMENT

Due to the different methods of computing cash flows adopted by one of the joint venture carrying on the business of insurance, which is mandated by the Insurance Regulatory and Development Authority, consolidated cash flows for the year could be better viewed when summarised as follows:

(₹ in Lacs)

	Year Ended 31 March 2015	Year Ended 31 March 2014
From operating activities	(45,404.69)	(50,228.32)
From investing activities	(3,604.03)	(17,962.38)
From financing activities	32,065.49	21,831.11
Net increase / (decrease) in cash and cash equivalents	(16,943.23)	(46,359.59)
Cash and cash equivalents as at the beginning of the year	41,203.00	87,562.59
Cash and cash equivalents as at the end of the year	24,259.77	41,203.00

Notes to the Consolidated Financial Statements (continued)

NOTE : 33 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(a) Contingent liabilities

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
1 Claims against the Company not acknowledged as debt		
(i) Income tax matters under dispute	16.74	4.48
(ii) VAT matters under dispute	191.16	248.79
(iii) Service tax matters under dispute	115.00	115.00
(iv) Legal cases against the company *	185.34	258.25
2 Guarantees		
(i) Recourse obligation in respect of securitised assets [net of cash collaterals of ₹ Nil (2014: ₹ 1,746.00 lacs)]	-	2,617.33
(ii) Unexpired bank guarantee	43,924.68	44,963.60

* The Company is also involved in other law suits, claims, investigations and proceedings, including collection and repossession related matters, which arise in the ordinary course of business. However, there are no significant claims on such cases.

(b) Commitments

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
1 Estimated amount of contracts remaining to be executed on capital account and not provided for [share of joint venture ₹ 31.39 lacs (2014: ₹ 19.64 lacs)]	454.90	353.07
2 Redemption of preference shares (including premium)	9,950.40	11,672.44
3 Undisbursed housing / other loans	9,328.79	5,711.94

(c) The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision required under any Law / Accounting Standard / RBI Regulation for material foreseeable losses on such long term contracts has been made in the books of account.

NOTE : 34

(a) Movement of Provision for Non-Performing Assets

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
Provision for non-performing assets		
Balance as per last financial statements	12,770.80	5,503.73
Add: Provision made during the year	6,899.41	7,267.07
	19,670.21	12,770.80

(b) The Company classifies non-performing assets (NPAs) at 4 months overdue and is compliant with the requirement for the financial year ending 31 March 2017 as prescribed in the Framework. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

As a result of the above, the charge till date to the statement of profit & loss on account of asset classification norms adopted by the Company is higher by an amount of ₹ 9,982.38 lacs (2014: ₹ 8,734.14 lacs) as compared to the RBI requirement.

Notes to the Consolidated Financial Statements (continued)

NOTE : 35 DISCLOSURE REQUIRED UNDER ACCOUNTING STANDARD - 5 "NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGES IN ACCOUNTING POLICIES"

Change in accounting estimate

Reserve Bank of India (RBI) has issued the Revised Regulatory Framework for Non-Banking Finance Companies (NBFCs) on 10 November 2014 and the related notification dated 27 March 2015 (collectively referred to as 'the Framework') to address various matters including harmonization of asset classification and provisioning norms wherein the asset classification norms for NBFCs are being brought in line with that of banks in a phased manner over a period of 3 years as per which an asset shall become a non-performing asset (NPA):

- (i) if they become overdue for 5 months for the financial year ending 31 March 2016;
- (ii) if they become overdue for 4 months for the financial year ending 31 March 2017; and
- (iii) if they become overdue for 3 months for the financial year ending 31 March 2018 and thereafter.

Currently, the Company classifies non-performing assets at 4 months default and is compliant with the requirement for the financial year ending 31 March 2017 as prescribed in the Framework.

Further, the Company has opted to align itself to the provisioning rates prescribed in the Framework effective from quarter ended 31 March 2015, on incremental NPAs as against the higher rates being followed by the Company till 31 December 2014. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

The aforesaid alignment of the provisioning rates, has resulted in a net lower provision of ₹ 1,153.38 lacs for the year ended 31 March 2015.

NOTE : 36 INSURANCE DISCLOSURE

- (a) The liability for IBNR claims including IBNER (excluding Declined Risk Pool) for the year ending 31st March 2015 has been estimated by the appointed actuary in compliance with guidelines issued by IRDA vide Circular No. 11/IRDA/ACTL/IBNR/2005-06. The appointed actuary has adopted the Ultimate Claim Ratio Method.
- (b) Magma HDI General Insurance Company Limited ('MHDI'), a jointly controlled entity, has a solvency margin as at 31 March 2015 at 1.24 times, which is below 1.50 times as stipulated by Insurance Regulatory and Development Authority (Assets, Liabilities and Solvency Margin of Insurers) Regulation, 2000 and subsequent circulars and orders. MHDI is taking necessary steps to increase the solvency margin to the required 1.50 times as per the regulatory requirement.
- (c) The Appointed Actuary has certified the motor third party ultimate loss ratio of 133% as at 31 March 2015 which has been fully provided for in the books of accounts. MHDI has a motor third party (Stop Loss) XL reinsurance cover with HDI Gerling Welt Service AG ('HDI') for the motor portfolio for all policies issued upto 31 March 2015. As per the terms of reinsurance cover, HDI has agreed to indemnify the MHDI for losses incurred in aggregate which exceed an ultimate loss ratio of 119%, and upto 135%. Accordingly, ₹ 4,084.40 lacs, being the excess of third party ultimate loss liability on motor third party portfolio provided for in books of accounts over and above 119% as on 31 March 2015, against which reinsurance cover is available to MHDI, has been appropriately adjusted in claims liability.

NOTE : 37 DERIVATIVE TRANSACTION

The Company has recognised gain of ₹ 42.32 lacs (2014: ₹ 197.06 lacs) relating to derivative financial instrument. The Company does not have any unhedged foreign currency exposure.

Notes to the Consolidated Financial Statements (continued)

NOTE : 38

Statement containing salient features of the financial statement of subsidiaries, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) is given below:

(a) Financial information of subsidiaries (including step-down subsidiary) for the year ended 31 March 2015:

(₹ in Lacs)

	Magma Advisory Services Limited	Magma Housing Finance	Magma ITL Finance Limited
Share capital	5,666.67	14,810.25	4,500.00
Reserves and surplus	16,340.82	7,037.08	10,812.49
Total assets	22,010.10	168,470.93	67,528.59
Total liabilities	22,010.10	168,470.93	67,528.59
Investments	21,973.83	-	2,049.20
Turnover / total income	290.70	19,206.43	14,640.32
Profit before taxation	8.02	1,643.94	2,865.59
Provision for taxation	2.67	583.64	327.82
Profit after taxation	5.35	1,060.30	2,537.77
Proposed dividend (including tax thereon)	0.43	-	-
% of shareholding (including investment through subsidiaries)	100%	100%	74%

(b) Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to joint ventures as at 31 March 2015:

Name of joint ventures		Magma HDI General Insurance Company Limited*	Jaguar Advisory Services Private Limited
1. Shares of joint ventures held by the Company on the year end			
No. of shares	Nos.	3,70,00,000	11,000
Amount of investment in joint ventures	₹ in lacs	3,700.00	2.20
Extend of holding	%	37.00%	48.89%
2. Description of how there is significant influence		Holding more than 20% of the paid up capital	Holding more than 20% of the paid up capital
3. Net worth attributable to shareholding as per latest audited balance sheet	₹ in lacs	6,702.21	2,376.86
4. Profit for the year			
i. Considered in consolidation	₹ in lacs	214.87	1.55
ii. Not considered in consolidation	₹ in lacs	365.88	1.62

The Company did not have any associate companies in the current year.

* Extent of holding includes investment held through Jaguar Advisory Services Private Limited.

FOCUSING ON FUNDAMENTALS

Notes to the Consolidated Financial Statements (continued)

NOTE : 39

The Company's share of each of the assets, liabilities, income, expenses, etc. (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interest in this joint venture, based on the audited financial statements are as follows:

	(₹ in Lacs)	
	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3,701.13	3,701.13
Reserves and surplus	5,376.60	5,160.19
Fair value change account	1.34	0.49
Current liabilities		
Trade payables	599.87	388.05
Other current liabilities	15,780.16	7,763.83
Short-term provisions	7,999.31	7,814.29
ASSETS		
Non-current assets		
Fixed assets	177.51	137.65
Deferred tax assets (net)	563.10	661.46
Non-current investment	25,748.59	18,613.44
Long-term loans and advances	48.94	24.00
Other non-current assets	2,111.19	2,302.64
Current assets		
Current investment	2,467.01	679.28
Cash and bank balances	803.95	1,234.27
Short-term loans and advances	335.19	73.04
Other current assets	1,202.93	1,102.20
	(₹ in Lacs)	
	Year Ended 31 March 2015	Year Ended 31 March 2014
REVENUE		
Revenue from operations	658.65	640.38
Operating result from general insurance business	(511.87)	(1,848.89)
Other income	229.17	23.10
EXPENSE		
Other expenses	55.24	43.45

NOTE : 40 PREVIOUS YEAR'S FIGURE

Previous year's figure including those in brackets have been regrouped and / or rearranged wherever necessary.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn. No. 101248W/W-100022

Mayank Poddar
Chairman

Sanjay Chamria
Vice Chairman &
Managing Director

Akeel Master
Partner
Membership No. 046768

Atul Bansal
Chief Financial Officer

Kailash Baheti
Chief Strategy Officer
& Company Secretary

Mumbai, 08 May 2015

Kolkata, 08 May 2015

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Srl No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2014-15 (₹ in lacs)	% increase in Remuneration in the financial year 2014-15	Ratio of remuneration of each Director/ to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1	Mayank Poddar Executive Chairman	150.00	0%	31.33	The increments were linked to market and industry information, on performance of the individual employee as well as company performance which impacted the budget for the increments. In the year under review, average increment is 9.9% The Company PAT has increased by 9.9%.
2	Sanjay Chamria Vice Chairman and Managing Director	300.00	100%	62.65	
3	Narayan K Seshadri Non-Executive Independent Director	68.00	43%	14.20	
4	Nabankur Gupta Non-Executive Independent Director	26.60	(16%)	5.55	
5	Neil Graeme Brown Non-Executive Independent Director	32.20	(1%)	6.72	
6	Kailash Nath Bhandari ¹ Non-Executive Independent Director	15.20	(4%)	3.17	
7	Satya Brata Ganguly Non-Executive Independent Director	19.80	4%	4.13	
8	Sanjay Nayar Non-Executive Director	1.60	33%	0.33	
9	Ritva Kaarina Laukkanen ² Non-Executive Director	0.20	N.A.	0.04	
10	V Lakshmi Narasimhan ³ Chief Financial Officer	161.31	Nil	22.43	
11	Atul Bansal ⁴ Chief Financial Officer	7.73	N.A.	34.46	
12	Kailash Baheti ⁵ Company Secretary & Chief Strategy Officer	95.21	N.A.	26.81	
13	Girish Bhatia ⁶ Company Secretary	27.06	8%	5.58	

1 Resigned as Director w.e.f. 14 May 2014.

2 Appointed as Director w.e.f. 14 October 2014.

3 Resigned as Chief Financial Officer w.e.f. 13 March 2015.

4 Appointed as Chief Financial Officer w.e.f. 13 March 2015.

5 Appointed as Company Secretary w.e.f. 7 September 2014.

6 Resigned as Company Secretary w.e.f. 6 September 2014.

Note: For directors, the median has been worked based on actuals and for others the median has been taken based on annual remuneration.

- ii) The median remuneration of employees of the Company during the financial year was ₹ 4.79 lacs.

- iii) In the financial year, there was an increase of 9.53% in the median remuneration of employees.

FOCUSING ON FUNDAMENTALS

- iv) There were 3502 employees on the rolls of Company as on 31 March 2015.
- v) Relationship between average increase in remuneration and company performance. The Profit before Tax for the financial year ended 31 March 2015 increased by 9.9% whereas the average increase in average remuneration was 9.9%. The average increase in median remuneration was in line with the performance of the Company.
- vi) Comparison of remuneration of the Key Managerial Personnel(s) against the performance of the Company: Comparison of remuneration of each Key Managerial Personnel against the performance of the Company has been given in the table above. For other Key Managerial Personnels(s) the increase is Nil/Not Applicable or in line with Company's performance.
- vii) a) Variations in the market capitalisation of the Company : The market capitalisation as on 31 March 2015 was ₹ 1,80,714.16 lacs as against ₹ 1,33,464.22 lacs in 2013-14.
- b) Price Earnings ratio of the Company was 13.14 as at 31 March 2015 and was 10.85 as at 31 March 2014.
- c) Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year - Since there was no public offer in last 5 years the relevant details are not applicable.
- viii) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2014-15 was 9.08% whereas the increase in the managerial remuneration for the same financial year was 55.89%. The increase in managerial remuneration is higher primarily due to commission payable to Vice Chairman and Managing Director as per the terms of appointment. The same was not paid in the previous year as Nomination and Remuneration Committee did not recommended it considering the performance of the Company in last year.
- ix) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration policy for Directors, Key Managerial Personnel and other Employees.
- x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable; and
- xi) It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board

Mayank Poddar
Chairman
DIN: 00009409

Kolkata
8 May 2015

DETAILS PERTAINING TO EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1) Employed throughout the Financial Year 2014-15

Name	Age (in yrs)	Qualification	Designation	Date of commencement of employment	Experience (years)	Remuneration (in ₹)	Particulars of last employment, last post, employer
Mayank Poddar	61	B Com	Executive Chairman	01-Jul-96	40	150.00	Calcutta Credit Corporation Ltd (Erstwhile)-Managing Director
Sanjay Chamria	50	FCA	Vice Chairman & Managing Director	01-Jan-92	29	300.00	Magma Leasing Ltd (Erstwhile)-Chief Executive
V Lakshmi Narasimhan	50	FCS, LLB, PGDBM	Chief Financial Officer	01-Nov-90	28	167.37	Consortium Finance Limited (erstwhile) - General Manager & Company Secretary
Ashutosh Shukla	52	FCA	Chief Operating Officer	01-Oct-92	31	125.68	Consortium Finance Limited (erstwhile) - General Manager
Dhrubashish Bhattacharya	44	B Sc (Hons), MBA	National Sales Head - Tractor	06-Jun-94	20	85.10	Consortium Finance Limited - Management Trainee
Sailesh Mohta	50	CA	National Risk Head	22-Jan-96	26	81.62	STP Ltd - Deputy Manager
Sanjiv Jha	45	CA(Inter)	National Sales Head - CE CV & Suvidha	07-Jun-00	26	64.18	Spatntek Polymers Pvt. Ltd. As Manager (Accts)
Mahender Bagrodia	45	B Com, ACA	Chief of Receivables Management	09-Oct-00	22	98.41	Tijaya Enterprises Ltd - General Manager
Sumit Mukherjee	45	B Com	National Sales Head - Tractor & Suvidha	08-Apr-08	23	97.72	Citicorp Finance India Ltd - Vice President
Raj Kumar Kapoor	50	CA	Chief Internal Auditor	07-Mar-11	27	63.39	Jubilant Organosys Group of Comp.-Vice President & Chief Internal Auditor
Kailash Baheti	51	FCA, ACS, ACMA	Company Secretary & Chief Strategy Officer	18-Oct-11	27	137.09	Century Extrusion Ltd-CEO & CFO
Navneet Kumar Gupta	47	MBA	National Sales Head Car	19-Dec-11	25	78.97	Pidilite Industries Ltd as National Sales Manager
Subir Roychowdhury	42	PGDBM	Head Business HR & TA	01-Feb-12	17	64.41	ICICI Securities Ltd, Vice President HR
Dhirendra Kumar Hota	45	PGDBM	Head MCA Projects	16-Mar-12	25	65.28	SREI Equipment Finance Ltd as Senior Vice President
Sandeep Walunj	44	B Tech, PGDBM	Chief Marketing Officer	20-Aug-12	20	98.82	Future Value Retail - Chief Marketing Officer
Rohit Sharma	41	PGDBM	NCH HighTicket, 730+ & S & S (North & East) & Legal Recovery	26-Jun-13	22	62.84	Bajaj Finserv Lending as National Head Flow Lending
Janet Gasper-Chowdhury	42	PGDBM	Chief People Officer	16-Aug-13	15	64.74	PwC as Director People & Change Management
Ram Kalyan Kumar Medury	40	MBA - IIM Bangalore	Chief Information Officer	02-Jan-14	16	152.35	ICICI Lombard General Insurance- Chief Information Officer

FOCUSING ON FUNDAMENTALS

DETAILS PERTAINING TO EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**2) Employed for a part of the financial year 2014-15**

Name	Age (in yrs)	Qualification	Designation	Date of commencement of employment	Experience (years)	Remuneration (in ₹)	Particulars of last employment, last post, employer
Ashok Shukla	49	MA	Vice President - Credit	14-Nov-94	26	61.39	Consortium Finance as Asst Mgr operations
Guru Prasad Pattanaik	55	ACA	Chief -Receivables Management	17-Apr-00	32	111.91	NICCO UCO Financial Services Ltd - Vice President
Shiladitya Sinha	51	MBA	Vice President - Legal	01-Mar-01	20	45.36	NICCO UCO Alliance Credit Ltd. As Br. Mgr
Dipankar Bhattacharya	47	MBA	National Collection Head - Ard & Legal Recovery	02-May-01	15	45.32	Escorts Finance Ltd as Assistant Vice President
Girish Bhatia	58	CS	Company Secretary	02-May-07	36	27.06	Birla VXL Ltd as Company Secretary
Sunil Gupta	45	CA	NCH HFC & SME & Auto lease	10-Oct-11	22	44.03	Religare Finvest Ltd as Senior Vice President
Vikas Mittal	46	ACA, AICWA	Business Head - Gold Loan	01-Nov-11	20	56.96	ENAM Securities Pvt Ltd - MD & CEO
Pranab Goel	42	BE, MBA	Vice President - Treasury	02-Jan-12	16	63.82	CitiBank N.A - Vice President
Atul Bansal	55	ACA, CFA & MBA	Chief Financial Officer	10-Mar-15	30	8.95	Mu Sigma Business Solutions - CFO

Notes:

- Gross remuneration comprises salary, medical reimbursement, leave travel concession, housing, Company's contribution to provident fund, pension and gratuity fund, monetary value of other perquisites as per the Income Tax Act and Rules, leave encashment, bonus and Commission.
- All appointments were made in accordance with the terms and conditions as per Company Rules.
- None of the employee hold 2% or more of the paid up share capital of the Company either by himself or along with his/her spouse and dependent children.
- None of the above employee is related to any Director of the Company.

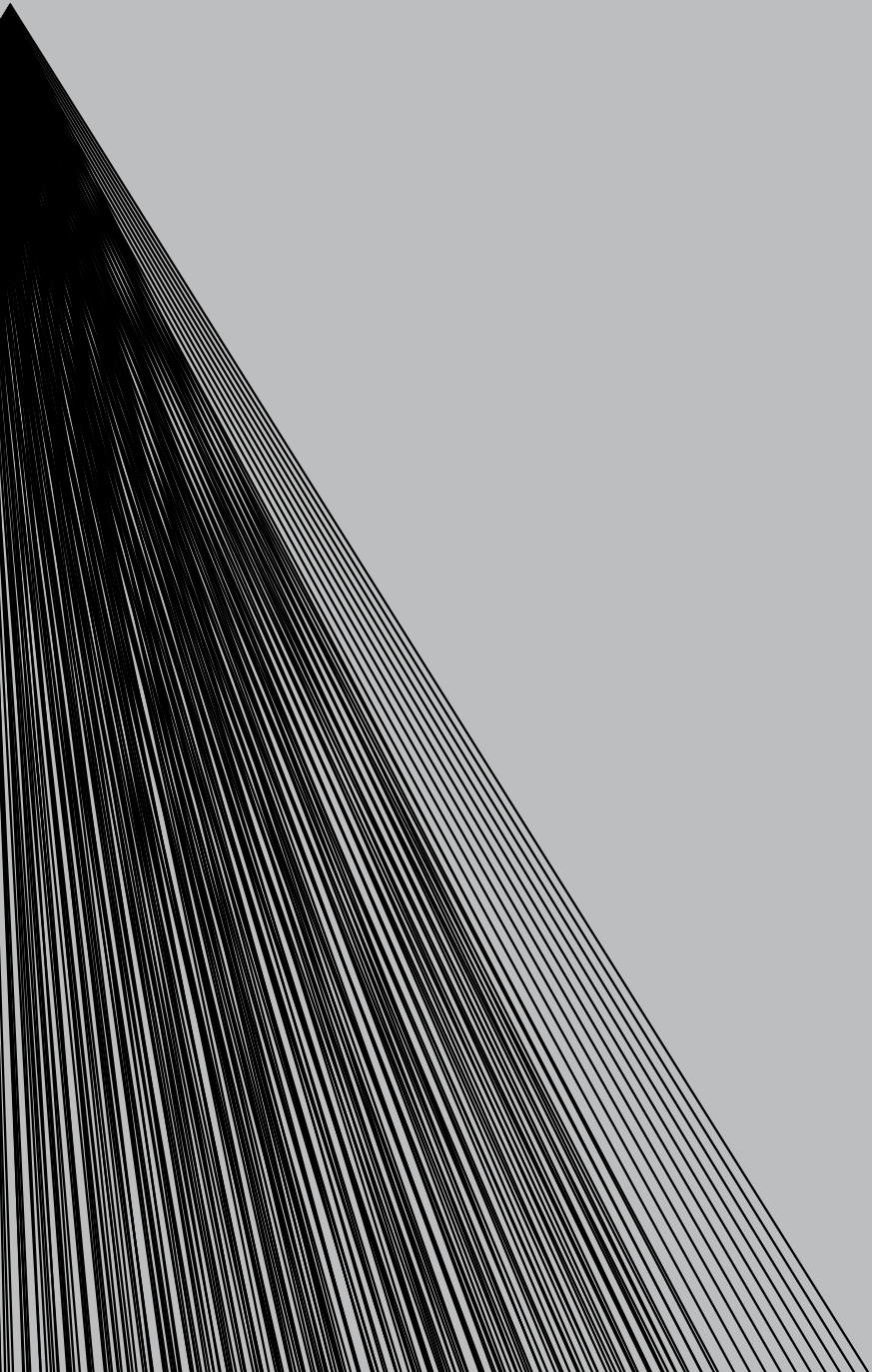
For and on behalf of the Board
Mayank Poddar
 Chairman
 DIN: 00009409

Kolkata
 8 May 2015



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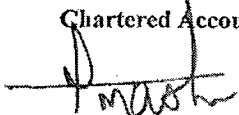
FORM A

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges

1.	Name of the Company:	Magma Fincorp Limited
2.	Annual financial statements for the year ended	31st March, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable

For Magma Fincorp Limited

For BSR & Co LLP.
Chartered Accountants



Akeel Master
Partner


Narayan K Seshadri

Chairman of Audit Committee


Sanjay Chandra

Vice Chairman & Managing
Director


Atul Bansal
Chief Financial Officer