Magma Fincorp Limited
Regd. Office
Development House
24 Park Street, Kolkata 700 016
Tel : 91 7596067686
91 33 44017350
Fax : 91 33 44017428
CIN : L51504WB1978PLC031813
Web : www.magma.co.in

MAGMA
Investing in the smallest dream

9 July 2019

The Secretary,
Corporate Relationship Department,
BSE Limited
25th Floor, P. J. Towers, Dalal Street, Fort,
Mumbai - 400 001

Dear Sir,

Sub: Compliance under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015- Annual Report for the Financial Year ended 31 March 2019

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we are enclosing herewith the Annual Report of the Company for the Financial Year ended 31 March 2019 along with the Notice of Annual General Meeting of the Company scheduled on 1 August 2019.

The Annual Report for the Financial Year 2018-19 is available on the Company's website at the link: https://magma.co.in/about-us/investor-relations/annual-reports/annual-report/

This is for your information and record.

Thanking You

Yours faithfully,
For **Magma Fincorp Limited**

Shabnum Zaman
Company Secretary
ACS No. 13918

Encl: as above

Investing in the smallest dream

MAGMA FINCORP LIMITED

Registered Office: "Development House", 24, Park Street, Kolkata – 700 016
Phone: 033-4401 7350/7596067686. Fax: 033-4401 7428
CIN: L51504WB1978PLC031813. Website: www.magma.co.in
Email: secretary@magma.co.in

NOTICE

To,
The Members of the Company

Notice is hereby given that the Thirty Ninth (39th) Annual General Meeting (AGM) of the shareholders of Magma Fincorp Limited shall be held at Kala Kunj Auditorium, 48, Shakespeare Sarani, Kolkata – 700 017, West Bengal on Thursday, 01 August, 2019 at 3:00 P.M to transact the following business (es):

ORDINARY BUSINESS

1. To consider and adopt:
   a. the Audited Standalone Financial Statements of the Company for the financial year ended 31 March 2019 and the Reports of the Board of Directors and Auditors thereon; and

   b. the Audited Consolidated Financial Statements of the Company for the financial year ended 31 March 2019 and the Report of Auditors thereon.

2. To declare Dividend on Equity Shares for the financial year ended 31 March 2019.

3. To appoint a Director in place of Mr. Sanjay Chamria (holding DIN: 00009894) who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. To appoint Mrs. Vijayalakshmi Rajaram Iyer (holding DIN: 05242960) as Non-Executive Independent 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 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, read with Schedule IV of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and other applicable laws and pursuant to the Articles of Association of the Company, Mrs. Vijayalakshmi Rajaram Iyer (holding DIN: 05242960), who was appointed as an Additional Director of the Company with effect from 31 January 2019, 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 this 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 the Non-Executive Independent Director of the Company with effect from 31 January 2019 for a term of five consecutive years and shall not be liable to retirement by rotation.

   RESOLVED FURTHER THAT the Board of Directors or any Key Managerial Personnel of the Company for the time being are hereby severally authorized to do all such acts, deeds, matters and things and take such steps as may be necessary, expedient or desirable in this regard."

5. To re-appoint Mr. Narayan K Seshadri (holding DIN: 00053563) as an Independent Non-Executive Director of the Company for another term of five consecutive years from 25 September 2019 to 24 September 2024 and in this regard to consider and, if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution**:-

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, read with Schedule IV to the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and other applicable laws and pursuant to the Articles of Association of the Company, Mr. Narayan K Seshadri (holding DIN: 00053563), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act, as amended from time to time and who is eligible for re-appointment and for whom the Company has received notice under Section 160(1) of the Act, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for another term of five consecutive years with effect from 25 September 2019 to 24 September 2024 and whose office shall not be liable to retire by rotation.

   RESOLVED FURTHER THAT the Board of Directors or any Key Managerial Personnel of the Company for the time being are hereby severally authorized to do all such acts, deeds, matters and things and take such steps as may be necessary, expedient or desirable in this regard."

6. Place of keeping Registers and Index of Members, Debenture holders and copies of Annual Returns, pursuant to the provisions of Section 94 of the Companies Act, 2013 and in this regard to consider and, if thought fit, to pass with or without modification(s) the following Resolution as a **Special Resolution**:-

   "**RESOLVED THAT** pursuant to the provisions of Section 94 of the Companies Act, 2013 ("the Act") and the Rules made thereunder, the consent of the Members be accorded to the Board of Directors of the Company for keeping the Register of Members together with the Index of Members, the Register of Debenture holders and other security holders, if any, together with the Index of Debenture holders and other security holders, if any, under Section 88 of the Act and copies of the Annual Returns filed under Section 92 of the Act at the Company's office at 5th Floor, Premises No-501, Block-4A, Bengal Ambuja Ecospace, Newtown Rajarhat, Kolkata – 700 160.

   RESOLVED FURTHER THAT that approval of the Company be accorded to the Board of Directors of the Company to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution."

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

Shabnum Zaman
Company Secretary
ACS: 13918

Registered Office:
"Development House",
24 Park Street,
Kolkata-700016
Date : 27 June 2019

NOTES:

1. The 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 and forms part of the notice.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETINGS 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, DATED COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

   Proxy/Proxies submitted on behalf of companies, societies, etc. must be supported by appropriate resolutions/authority, as applicable. Pursuant to provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of members not exceeding 50 members and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% 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. The proxy holder shall prove his identity at the time of attending the meeting.

4. When a member appoints a proxy and both the member and proxy attend the meeting, the proxy stands automatically revoked.

5. Requisition for inspection of proxies shall have to be made in writing by members entitled to vote on any resolution three days before the commencement of the meeting.

6. Proxies shall be made available for inspection during 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting.

7. 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.

8. 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.

9. In terms of Sections 124 and 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), as amended from time to time, dividends which remain unpaid/unclaimed over a period of 7 years will have to be transferred by the Company to Investor Education and Protection Fund of the Central Government. Accordingly, all unpaid / unclaimed amounts in respect of dividends paid by the Company for the year ended 31 March 2012 have to be transferred to the said fund by 17 August 2019. Shareholders are requested to encash the dividend before the due date of transfer i.e. 17 August 2019. Shareholders are also advised to encash the unpaid Dividend Warrants for the year ended 31 March 2012 or any subsequent year, before transfer to the above referred fund by writing a request to the Company Secretary, Magma Fincorp Limited, "Development House", 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
2011-2012	12 July 2012	17 August 2019
2012-2013	18 July 2013	23 August 2020
2013-2014	31 July 2014	05 September 2021
2014-2015	01 August 2015	06 September 2022
2015-2016	19 September 2016	25 October 2023
2016-2017	02 August 2017	07 September 2024
2017-2018	02 August 2018	07 September 2025

   The Company has uploaded the information in respect of the unpaid / unclaimed dividend amounts lying with the Company, as on the date of the last meeting held on 2 August 2018, 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.

   Further as a matter of good corporate governance the Company has sent a letter dated 31 May 2019 to all the concerned shareholders of the Company advising them to claim their unpaid dividend amount for a period of 7 years i.e. for the year ended 31 March 2012 and subsequent years as appearing in the records of the Company.

   Members are requested to note that pursuant to the provisions of Section 124(6) of the Companies Act, 2013, SEBI Listing Regulations and the IEPF Rules, all such shares in respect of which dividend has not been paid or claimed for seven consecutive years or more are also required to be transferred to IEPF. In this regard the Company has sent individual notices on 13 May 2019 to the concerned shareholders for whom the dividend remains unclaimed and unpaid with the Company from FY 2011-12 onwards and also published notice in this regard in accordance with the IEPF Rules. The Company has so far transferred 1,04,368 Equity Shares to the IEPF Authority in accordance with the applicable provisions. The Company has also transferred an amount of ₹3,33,934/- to IEPF being the unclaimed dividend for the FY 2010-11.

   Members are informed that once the unpaid/unclaimed dividend or the shares are transferred to IEPF, the same may be claimed by the Members from the IEPF Authority by making an application in prescribed Form IEPF-5 online and sending the physical copy of the same duly signed (as per the specimen signature recorded with the Company) along with requisite documents to the Registered Office of the Company for verification of the claim.

   The IEPF Rules and the application form (Form IEPF – 5), as prescribed by the MCA for claiming back of the shares/ dividend, are available on the website of the Company www.magma.co.in at its weblink i.e. https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/ as well as website of IEPF at www.iepf.gov.in.

10. The members 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 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 / exchange the old share certificate of the face value of ₹10/- to receive the new share certificate of the face value of ₹2/-. The shareholders who have not yet surrendered / exchanged the old share certificate of the face value of ₹10/- are again requested to take new sub-divided share certificate of the face value of ₹2/- by surrendering / exchanging the old Equity Shares of the face value of ₹10/- each immediately at the Registered Office of

the Company or Company's Registrar & Transfer Agent ('RTA'), M/s. Niche Technologies Private Limited, 7th Floor, Room No.7A & 7B, 3A, Auckland Place, Kolkata — 700 017

11. Pursuant to Regulation 12 along with Schedule I of the Listing Regulations, all Companies shall mandatorily use any of the electronic mode of payment facility approved by the Reserve Bank of India for making payments such as dividend to the members (where core banking details are available) or to print the bank account details of the members (as per the Company's records) on the physical payment instruments (in case where the core banking details are not available or electronic payment instructions have failed or rejected by the Bank) or to print the address of the member on such payment instructions (in case where the bank details of investors are not available).

    Hence, the members are requested to furnish/update their bank account name & branch, bank account number and account type along with other core banking details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code) etc. at the earliest with:

    i. the respective Depository Participants (DP) (in case of the shares held in electronic mode) or;

    ii. the RTA i.e. M/s. Niche Technologies Private Limited at 7th Floor, Room No.7A & 7B, 3A, Auckland Place, Kolkata — 700 017 or at nichetechpl@nichetechpl.com (in case of the shares held in physical form).

12. 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.

13. Pursuant to SEBI Circular dated 28 March 2018, the Company has sent letter on 14 June 2018 and two reminders on 31 August 2018 and 22 October 2018 to all the concerned shareholders who hold Equity Shares in physical mode and whose ledger folios do not have / have incomplete details with regard to their PAN and Bank Account details to intimate complete bank particulars and PAN to the Company's RTA. Members are requested to kindly adhere to the same.

    No share transfer in physical form: SEBI vide its notification dated 8 June 2018 has amended regulation 40 of SEBI (LODR) Regulation 2015 and accordingly as per the amended regulation transfer of shares or securities shall be mandatory in demat form. Therefore any request for transfer of shares or securities in physical form (transfer deeds with share certificate) is not allowed to accept and process after 1 April 2019. In this Regard, Members are requested to dematerialize / demat their shares or securities held in physical form. The amendment does not impact the shareholders requests for transmission or transposition of securities held in physical mode. Process for dematerialisation of shares in available at the website of the Company at weblink i.e. https://magma.co.in/about-us/investor-relations/secretarial-documents/information-for-shareholders/

14. 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.

15. The Company has entered into necessary arrangement with NSDL and 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.

16. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 26 July 2019 to Thursday, 1 August 2019 (both days inclusive) for determining the name of members eligible for dividend on equity shares, if declared at the meeting.

17. Dividend on Equity Shares, if declared at the meeting will be credited / dispatched between 2 August 2019 and 30 August 2019 respectively. Dividend be paid to:

    a) All Beneficial owners in respect of the shares held in Electronic Form, whose names appear as at the end of the business hours on Thursday, 25 July 2019 as per details furnished by National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL').

    b) All members, whose names appear in the Company's Register of Members after giving effect to all valid share transfers/transmission/transposition in physical form lodged with the Company on or before the close of working hours of the Company as on Thursday, 25 July 2019. ('Record Date').

    If circumstances warrant or necessary to meet the statutory requirement to change the above dates, same would be posted on the website of the Company which shall be in accordance with applicable law.

18. 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, Proxy Form and Route Map is being sent to all the members whose email IDs are registered with the Company / Depository Participants 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, Proxy Form and Route Map is being sent by the permitted mode.

19. 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 ukundu@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.

20. 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.

21. 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.

22. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature recorded with the Company/Depository Participant along with a valid identity proof for admission at the entrance to the place of the meeting.

23. 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 RTA alongwith their share certificates, to enable the RTA to consolidate their holdings into one folio.

24. 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.

25. Members are requested to contact the Company's RTA for reply to their queries/redressal of complaints, if any, or contact Ms. Shabnum Zaman, Company Secretary at Phone:+91 33 44017350; Email: secretary@magma.co.in/shabnum.zaman@magma.co.in.

26. 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, and 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.

27. The relevant documents referred to in this Notice and Explanatory Statement along with the certificate from Statutory Auditors certifying that the Company's Employee Stock Option Scheme is implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations 2014 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 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.

28. Details pertaining to Directors who are being appointed/re-appointed is provided in the statement under Section 102 of the Act.

29. 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, 2016 and as per Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), the Company is pleased to provide members with the facility of voting through electronic means in respect of business to be transacted at the meeting and the business may be transacted through e-voting services provided by NSDL.

ii. The facility of voting through eTablet voting /electronic means 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.

iii. The remote e-voting period commences on Monday, 29 July 2019 (9.00 A.M. IST) and ends on Wednesday, 31 July 2019 (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 Thursday, 25 July 2019 ('Cut-off date') may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting on Wednesday, 31 July 2019 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 follows:

Step 1 : Log-in to NSDL e-voting system at https://www.evoting.nsdl.com/

Step 2 : Cast your vote electronically on NSDL's e-voting system.

Step 1

How to log-in to NSDL e-voting website

1. Visit the e-voting website of NSDL by opening your web browser and typing the following URL: https://www.evoting.nsdl.com/ either on a desktop computer/laptop or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
   Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log in at https://eservices.nsdl.com/ with your existing IDEAS log-in details. Once you log in to NSDL e-services after using your log-in credentials, click, on 'e-voting' and you can proceed to Step 2 i.e. cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	User ID
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and **EVEN is 110922** then user ID is 110922001***

5. Your password details are given below:
   a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
   b. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and change your password, as prompted by the system.
   c. How to retrieve your 'initial password'?
      (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment (it will be a .pdf

file). Open the file. The password to open the file is your 8-digit client ID for NSDL account or the last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

   a. Click on "**Forgot User Details/Password**?" (for those holding shares in demat accounts with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b. A '**Physical User Reset Password**?' (for those holding shares in physical mode) option is also available on www.evoting.nsdl.com.
   c. If you **are** still unable to get the password following the aforesaid two options, you can send a request at **evoting@nsdl.co.in** mentioning your demat account number/folio number, your PAN, your name and your registered address.
   d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, click on "Login" button

9. After you click on the "Login" button, the home page of e-voting will open.

Step 2
How to cast your vote electronically on NSDL e-Voting system?

1. After successful logging in following Step 1, you will be able to see the home page of e-voting. Click on e-Voting. Then, click on 'Active Voting Cycles'.
2. Upon clicking on 'Active Voting Cycles', you will be able to see "EVEN" of all the companies in which you hold shares and whose voting cycles are in 'active' status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-voting as the voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Please remember that once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Instructions:

i. 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 girishbhatia1956@gmail.com or shabnum.zaman@magma.co.in with a copy marked to evoting@nsdl.co.in.

ii. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential. Log in to the evoting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/ Password?' or the 'Physical User Reset Password?' option available on www.evoting.nsdl.com, to reset the password.

iii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and remote e-voting user manual for shareholders available at the "Downloads" section of www.evoting.nsdl.com, or call on the toll-free no.: 1800-222-990, or contact Ms.Pallavi Mhatre, Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, at the designated email address: evoting@nsdl.co.in or at telephone no. +91 22 2249 4545 who will also address grievances connected with voting by electronic means.

iv. 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 2019, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA. A person who is not a member as on the cut-off date should treat this notice for information purposes only.

v. 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.

vi. Mr. Girish Bhatia, Practicing Company Secretary (CP No. 13792), 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/ eTablet voting /electronic means in a fair and transparent manner.

vii. 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 total 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 counter sign the same and declare the result of the voting forthwith in accordance with applicable law.

viii. The results declared along with the Scrutinizer's Report will be posted on the Company's website www.magma.co.in at its weblink i.e. https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/ and shall also be displayed on the Notice Board of the Company at its Registered Office. The result shall be communicated to all the Stock Exchanges where the equity shares of the Company are listed and also to NSDL.

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

As required under Section 102 of the Companies Act, 2013 (as amended) (the "Act") the following Explanatory Statement sets out all material facts relating to the Special Business set out in Item No. 4, Item No. 5 and Item No. 6 of the accompanying Notice dated 27 June 2019.

ITEM NO. 4

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company had appointed Mrs. Vijayalakshmi Rajaram Iyer as an Additional Independent Director of the Company with effect from 31 January 2019. The Additional Director holds office only upto the date of the ensuing Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ('the Act') but is eligible for appointment as Director. The Company has received a notice under Section 160(1) of the Act from a member signifying his intention to propose Mrs. Iyer's appointment as a Director of the Company. Mrs. Iyer has also given a declaration under section 149(7) of the Act that she meets the criteria for independence as provided under section 149(6) of the Act and fulfils the conditions specified in the Act and the Rules framed thereunder and Regulation 16 of the Listing Regulations for appointment as Independent Director and she is independent of the management.

Brief Profile of Mrs. Vijayalakshmi Rajaram Iyer:

Mrs. Iyer (64 years) is a Commerce Graduate from M.L.Dahanukar College of Commerce and post-graduate from Sydenham College of Commerce, Mumbai. She also has Fellowship of CAIIB of Indian Institute of Banking and Finance. She has almost four decades of rich experience in the banking industry. She had served as the Chairperson and Managing Director of Bank of India between November 2012 and May 2015. Prior to joining Bank of India, she had served as an Executive Director of Central Bank of India between November 2010 and October 2012. She had joined Union Bank of India in December 1975 as a Probationary Officer and had handled various function viz., credit function across segments including Retail, SME, Large Corporates and Project & Infrastructure Financing, Risk Management and Information Technology for almost three decades. She had also served as a Member of Finance & Investment and Enforcement in IRDAI between June 2015 and May 2017.

The Board considers that induction of an eminent professional like Mrs. Iyer would immensely benefit the Company and therefore, recommends the **Ordinary Resolution No. 4** for appointment of Mrs. Iyer, for your approval. Mrs. Iyer is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. Declaration received from Mrs. Iyer under RBI Corporate Governance Directions 2015. Mrs. Iyer along with his relatives do not hold any shares in the Company.

Mrs. Iyer is said to be concerned or interested in the proposed resolution as it relates to her own appointment. None of the other Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise in the said Ordinary Resolution.

ITEM No. 5

The Members of the Company had appointed Mr. Narayan K Seshadri (DIN 00053563), as an Independent Director of the Company for a term of five (5) consecutive years commencing from 25 September 2014 and expiring on 24 September 2019. The Members may note that pursuant to Section 149(10) of the Act, an Independent Director shall hold office for a term of up to five (5) consecutive years on the Board of a company, but shall be eligible for re-appointment for a further term of up to five (5) consecutive years on passing of a special resolution by the company.

The Nomination and Remuneration Committee (the NRC) of the Board of the Company, at its meeting held on 14 May 2019, had unanimously recommended to the Board, the re-appointment of Mr. Narayan K Seshadri as an Independent Director for a another term not exceeding five (5) consecutive years from 25 September 2019 and expiring on 24 September 2024.

The NRC, while recommending the re-appointment of Mr. Seshadri, had considered various factors, viz., the number of Board, Committee and General Meetings attended by him, knowledge & experience; his specific skills helping the Board and the Company in attaining its objectives; his participation in the Board/Committee deliberations; summary of his performance evaluation; time devoted by him; specialized skills and expertise and his independent judgment in the opinion of the entire Board. Further as a Non-Executive Chairman of the Company, his performance was evaluated as 'Outstanding' by the Board.

Based on the recommendation made by the NRC as above, the Board of Directors, at its meeting held on 15 May 2019, has unanimously decided to re-appoint Mr. Narayan K Seshadri, not liable to retire by rotation, for a another term not exceeding five (5) consecutive years with effect from 25 September 2019 and expiring on 24 September 2024.

Mr. Seshadri has given his consent to be re-appointed as such and also the confirmation that he is not disqualified to act as Director in terms of Section 164 of the Act. Besides, he has also provided a confirmation under Section 149(7) of the Act that he meets the criteria of independence as prescribed, both, under Section 149(6) of the Act read with relevant Rules and under Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and he is independent of the management. Declaration received from Mr. Seshadri under RBI Corporate Governance Directions 2015.

In the opinion of the Board, Mr. Seshadri, fulfil the conditions specified in Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder read with Schedule IV to the Act and of the Listing Regulations. The Company has received a notice in writing under the provisions of Section 160 of the Act from a Member proposing the candidature of Mr. Seshadri for re-appointment as an Independent Director of the Company.

Brief Profile of Mr. Narayan K Seshadri:

Mr. Narayan K Seshadri, aged about 62 years, is a Chartered Accountant. He was a director of Development Credit Bank Limited. He is on the board of certain reputed companies such as The Clearing Corporation of India Limited, PI Industries Limited, Kalpataru Power Transmission Limited, SBI Capital Markets Limited and Wabco India Limited. He has served as a founder director of Tranzmute Capital & Management Private Limited, a business consulting practice since its incorporation.

Mr. Seshadri is the Chairman of the Board and the Audit Committee and acts as an active member of other Committees of the Board. He brings independent judgement to the Board of the Company and his continued association will be valuable and positive. With his entrepreneur skills and vast management experience, the Company has benefited immensely. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Seshadri as an Independent Director.

Apart from the above information, additional disclosures as required pursuant to Regulation 36 of the Listing Regulations and as per Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) are also stated in the table annexed hereto.

The Board recommends passing of the **Special Resolution** set out at **item no. 5** of the Notice.

Mr. Narayan K Seshadri is interested in item no. 5 of the Notice since it pertains to his own re-appointment as an Independent Director of the Company. None of the other Directors and Key Managerial Personnel of the Company, or their relatives are, in anyway concerned or interested financially or otherwise in the said Special Resolution.

Mrs. Iyer and Mr. Seshadri are not debarred from holding the office of Director by virtue of any SEBI Order or any other such authority pursuant to circulars dated 20th June, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Director by listed companies. Copy of the draft letter of appointment to be issued to Mrs. Iyer and Mr. Seshadri setting out the terms and conditions would be available for inspection, without any fee, by the Members at the Company's Registered office on all the working days except Saturdays 10:00 A.M to 12:00 Noon up to the date of the AGM.

ITEM No. 6

Section 94 of the Act provides that for keeping the Register of Members together with Index of Members, Register of Debenture holders and other security holders, if any, together with Index of Debenture holders and other security holders, if any, and copies of the Annual Return at a place in India other than the Registered Office of the Company in which more than one-tenth of the total number of Members entered in the Register of Members reside, approval of Members by way of a Special Resolution is required. For the purpose of administrative convenience it is proposed that the Register of Members together with the Index of Members, the Register of Debenture holders and other security holders, if any, together with the Index of Debenture holders and other security holders, if any, under Section 88 of the Act, and copies of the Annual Return under Section 92 of the Act, be kept at Company's Office at 5th Floor, Premises No-501 Block-4A, Bengal Ambuja Ecospace, Newtown, Rajarhat, Kolkata – 700 160.

The Board recommends the passing of the resolution as set out under **Item No. 6** for approval of the members as a **Special Resolution**.

None of the Directors and Key Managerial Personnel of the Company, or their relatives are, in any way, concerned or interested, financially or otherwise in the said Special Resolution.

As per the requirement of Companies Act, 2013, Regulation 36 of Listing Regulations on Corporate Governance and Secretarial Standards for appointment/ re-appointment of the Director, a statement containing details of the concerned Director is given below:

Name	Mr. Sanjay Chamria	Ms. Narayan K Seshadri	Mrs. Vijayalakshmi Rajaram Iyer
DIN	00009894	00053563	05242960
Age	54	62	64
Date of first appointment on the Board	September 28, 1993	October 31, 2006	January 31, 2019
Qualification	Chartered Accountant	Chartered Accountant	Master's degree in commerce
Expertise in specific functional area	He leads our management team, drives our new business initiatives and anchors strategic policy formulation and execution in our Company.	Mr. Seshadri provides strategic guidance in framing corporate strategy, organizational transformation and risk management. He has held leadership positions in companies like Andersen and KPMG gaining immense experience before establishing his business of value management, investment advisory and private equity.	Over four decades of rich experience in banking industry.
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid	Mr. Chamria retires by rotation at the ensuing AGM and being eligible, seeks re-appointment. He is entitled to remuneration	Mr. Narayan K Seshadri will be re-appointed as a Non-Executive Independent Director of the Company w.e.f. 25 September 2019 for a term of 5 years and is not liable to retirement by rotation. He is entitled to sitting fees and commission, if any.	Mrs. Vijalakshmi Rajaram Iyer will be appointed as a Non-Executive Independent Director of the Company w.e.f. 31 January 2019 for a term of 5 years and is not liable to retirement by rotation. She is entitled to sitting fees and commission, if any.
Remuneration last drawn by such person, if applicable, (As per last audited balance sheet dated 31 March 2019)	₹ 494.40 lacs	₹ 85.10 lacs	-
*List of outside Directorships held in listed entities	Magma Housing Finance Limited.	1. PI Industries Limited 2. AstraZeneca Pharma India Limited 3. Wabco India Limited 4. Kalpataru Power Transmission Limited 5. CG Power and Industrial Solutions Limited	1. Arihant Super Structures Limited 2. Aditya Birla Capital Limited 3. ICICI Securities Limited 4. Religare Enterprises Limited 5. Indiabulls Ventures Limited

**Chairman/Member of the Committee of the Board of Directors of other Companies in which he/she is a Director	1.Chairman of Audit Committee in Magma Housing Finance Limited 2. Member of Audit Committee in Magma HDI General Insurance Company Limited	1. Chairman of Audit Committee of: a. PI Industries Limited b. Wabco India Limited c. SBI Capital Markets Limited 2. Member of Audit Committee: a. Kalpataru Power Transmission Limited b. AstraZeneca Pharma India Limited	1. Chairperson of Audit Committee: a. Aditya Birla Capital Limited b. Religare Enterprises Limited 2. Member of Audit Committee: a. ICICI Securities Limited b. Indiabulls Ventures Limited 3. Chairperson of Stakeholders Relationship Committee: a. Aditya Birla Capital Limited b. ICICI Securities Limited 4. Member of of Stakeholders Relationship Committee: a. Arihant Super Structures Limited
Shareholding in the Company	Nil	Nil	Nil
No. of Meetings of the Board attended during the year	No. of meeting held :5 No. of meeting attended: 5	No. of meeting held :5 No. of meeting attended: 5	No. of meeting attended: N.A(since inducted on the Board as an additional Independent Director w.e.f.31 January 2019)
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	No	No	No

*Includes Directorships in Listed entities.

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

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

Registered Office:
"Development House",
24 Park Street,
Kolkata-700016
Date : 27 June 2019

Shabnum Zaman
Company Secretary
ACS: 13918

MAGMA FINCORP LIMITED

Registered Office: "Development House", 24, Park Street, Kolkata – 700 016
Phone: 033-4401 7350/7596067686. Fax: 033-4401 7428
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: : "Development 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 eTablet voting /electronic means) for me/us and on my/our behalf at the Annual General Meeting of the members of the Company to be held on Thursday, 1 August 2019 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.	a. To consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31 March 2019 and the Reports of the Board of Directors and Auditors thereon. b. To consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended 31 March 2019 and the Report of Auditors thereon.			
2.	To declare Dividend on Equity Shares for the financial year ended 31 March 2019.			
3.	To appoint a Director in place of Mr. Sanjay Chamria (holding DIN: 00009894) who retires by rotation and being eligible, offers himself for re-appointment.			
Special Business				
4.	To appoint Mrs. Vijayalakshmi Rajaram Iyer (holding DIN: 05242960) as Non-Executive Independent Director of the Company			
5.	To re-appoint Mr. Narayan K Seshadri (holding DIN: 00053563) as an Independent Non-Executive Director of the Company for a another term of five consecutive years from 25 September 2019 to 24 September 2024			
6.	Place of keeping Registers and Index of Members, Debenture holders and copies of Annual Returns, pursuant to the provisions of Section 94 of the Companies Act, 2013.			

Signed this ....day of....................................2019

Signature of Shareholder ....

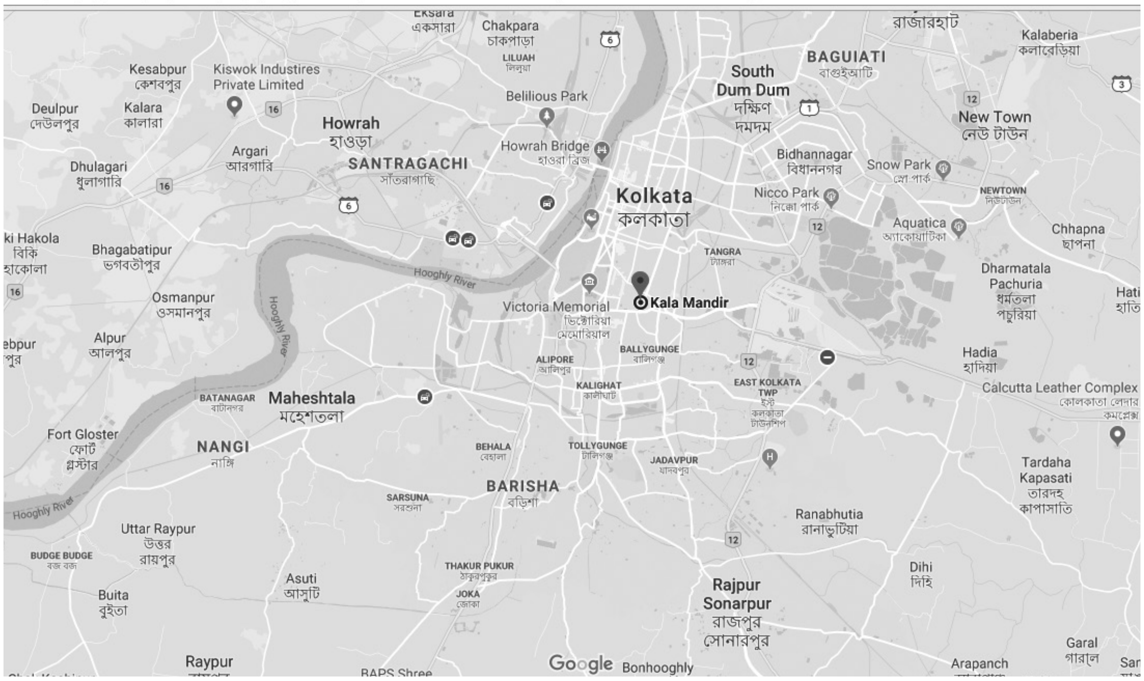
Signature of Proxy holder(s) ....

Affix
Revenue
Stamp

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 forty-eight (48) hours before the commencement of the meeting.

* Applicable for members holding shares in Electronic Form

Route map for 39th Annual General Meeting of the Company scheduled at 1 August 2019 at Kalakunj Auditorium



27 June 2019

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 joint holders, 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

Shabnum Zaman
Company Secretary
ACS: 13918

Name : ....

Address : ....

....

Date: ....

To
Niche Technologies Private Limited
Unit : Magma Fincorp Limited
7th Floor, Room No. 7A & 7B,
3A, Auckland Place
Kolkata – 700 0017.

Dear Sir,

Unit : Magma Fincorp Limited

I/we furnish below our folio details along with PAN and Bank Account details for updation and confirmation of doing the needful. **I/we are enclosing the self-attested copies of PAN Cards, original cancelled cheque leaf with name (if name is not printed, self-attested copy of the first page of the pass book of the bank) and address Proof viz., Aadhaar Card of all the shareholder(s), for the said purpose.**

Folio No.	
Address of the 1st named shareholder as per the share certificate	
Mobile No.	
E-Mail ID	

Bank Account Details : (for electronic credit of all future dividends)

Name of the Bank			
Name of the Branch			
Account Number (as appearing in your cheque book)			
Account Type (Saving / Current / Cash Credit)	**Saving**	**Current**	**Cash Credit**
9 Digit MICR Number (as appearing on the MICR cheque issued by the bank). Please enclose a photocopy of a cheque for verification			
11 Digit IFS Code			

	PAN	Name	Signature
First Holder :			
Joint Holder1 :			
Joint Holder2 :			

Date :
Place :

Niche Technologies Private Limited
Unit: **Magma Fincorp Limited**
7th Floor, Room No.7A & 7B,
3A, Auckland Place
Kolkata — 700 017

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.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.

MAGMA FINCORP LIMITED
Registered Office: "Development House",
24, Park Street, Kolkata - 700 016.
Phone: 033-4401 7350/75960 67686 ● Fax: 033-4401 7428
CIN: L51504WB1978PLC031813
Website: www.magma.co.in●Email: secretary@magma.co.in

ATTENDANCE SLIP FOR 39TH ANNUAL GENERAL MEETING

DATE : AUGUST 1, 2019 ***TIME : 3:00 P.M.***

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

Envelope No.:

Name and Registered Address of the Sole/First named Member :

Name(s) of the 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 along with a valid identity proof for admission and hand over the Attendance Slip at the entrance duly signed.

---✂---

The Electronic Voting Particulars are set out below:

EVEN (E-Voting Event Number)	User ID	PASSWORD
110922		

The E-voting facility will be available during the following voting period:

Remote e-Voting Start On	Remote e-Voting End On
29th July, 2019 at 09:00 A.M. (IST)	**31st July, 2019 at 5:00 P.M. (IST)**

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

MAGMA FINCORP LIMITED

MAGMA
Investing in the smallest dream

ANNUAL REPORT 2018-19

POSITIVE TODAY
PROMISING TOMORROW

CONTENTS

COMPANY OVERVIEW

GOVERNANCE REPORTS

FINANCIAL STATEMENTS

REVENUE
(₹ in crore)
2,513
8

PROFIT AFTER TAX
(₹ in crore)
304
28

TOTAL DISBURSEMENTS
(₹ in crore)
8,757
20

AUM (LOAN BOOK)
(₹ in crore)
17,029
8

COLLECTION EFFICIENCY
(in %)
100.4
10

NET INCOME MARGIN
(in %)
8.5
100

RETURN ON ASSET
(in %)
1.9
40

RETURN ON EQUITY
(in %)
13.0
20

NET NPA
(in %)
3.1
140

% growth (y-o-y)
% bps growth (y-o-y)

CORPORATE INFORMATION

CIN: L51504WB1978PLC031813

BOARD OF DIRECTORS

Mr. Narayan K Seshadri
Non Executive Independent Chairman

Mr. Mayank Poddar
Chairman Emeritus and Whole time Director

Mr. Sanjay Chamria
Vice Chairman and Managing Director

Mr. Satya Brata Ganguly
Non Executive Independent Director

Mr. V K Viswanathan
Non Executive Independent Director

Ms. Madhumita Dutta-Sen
Non Executive Director

Mrs. Vijayalakshmi Iyer
Non Executive Independent Director
(Additional Director)

CHIEF FINANCIAL OFFICER

Mr. Kailash Baheti

COMPANY SECRETARY

Ms. Shabnum Zaman

BANKERS

Punjab National Bank (Lead Banker)
State Bank of India
ICICI Bank Limited
Axis Bank Limited
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
Syndicate Bank
Central Bank of India
Bank of Maharashtra
Indian Overseas Bank
Canara Bank
Vijaya Bank
Allahabad Bank
Punjab & Sind Bank
Catholic Syrian 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 (Partner)
COP No.-7596
Shantiniketan, 5th Floor, Room No. 511,
8, Camac Street, Kolkata-700017

REGISTERED OFFICE

"DEVELOPMENT HOUSE"
24, Park Street, Kolkata-700 016
Tel: +91 33 4401 7350
Fax: +91 33 4401 7428
Email Id: secretary@magma.co.in
Website: www.magma.co.in

REGISTRAR AND TRANSFER AGENT

Niche Technologies Private Limited
3A, Auckland Place
7th floor, Room No. 7A & 7B
Kolkata - 700017
Tel: +91 33 2280 6616/6617/6618
Fax: +91 33 2280 6619
Email: nichetechpl@nichetechpl.com

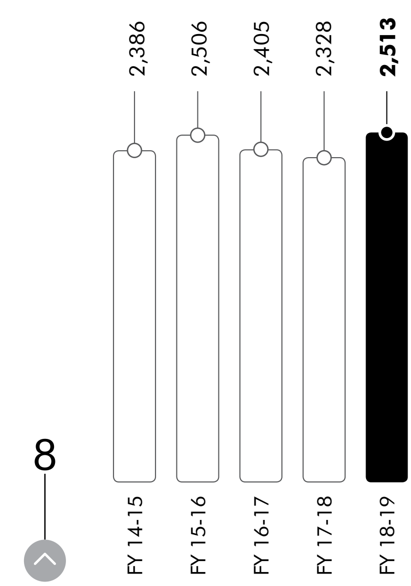
Karvy Fintech Private Limited (Retail Non Convertible Debentures)
Karvy Selenium Tower B,
Plot No. 31-32, Financial District,
Nankramguda, Serilingampally,
Hyderabad Rangareddi, TG 500032, India
Tel: +91 40 6716 2222
Fax: +91 40 2343 1551
Email: magmafincorp.ncd@karvy.com
Website: www.karvyfintech.com

KEY PERFORMANCE INDICATORS

Steady growth with deep insight

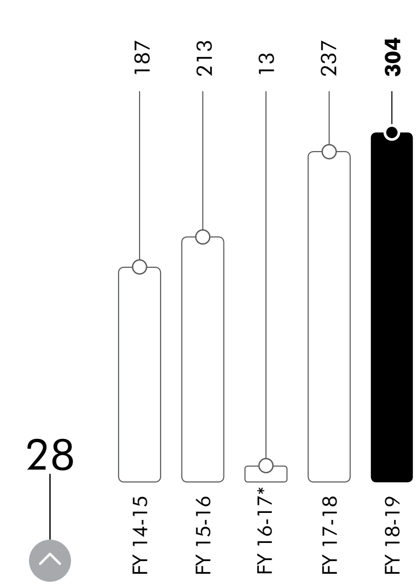
REVENUE

(₹ in crore)



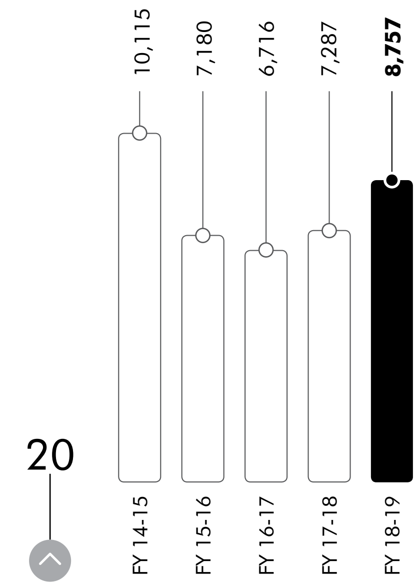
PROFIT AFTER TAX

(₹ in crore)



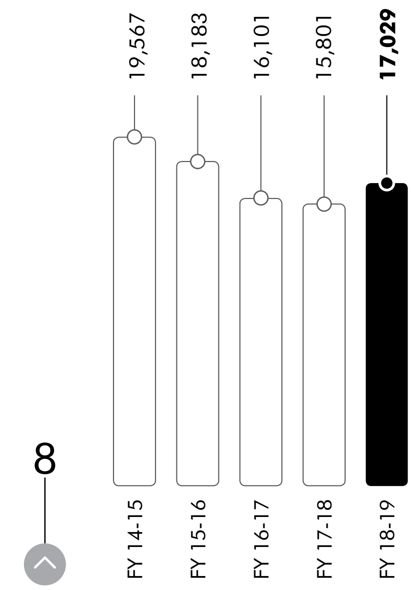
TOTAL DISBURSEMENTS

(₹ in crore)



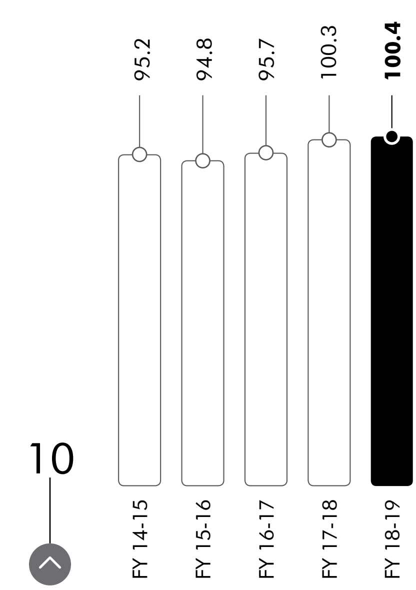
ASSETS UNDER MANAGEMENT

(₹ in crore)



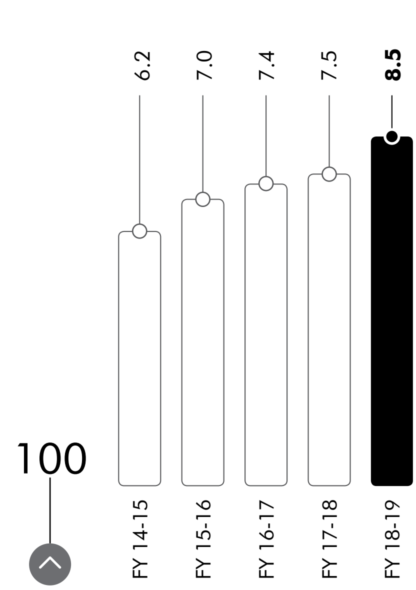
COLLECTION EFFICIENCY

(in %)



NET INCOME MARGIN

(in %)



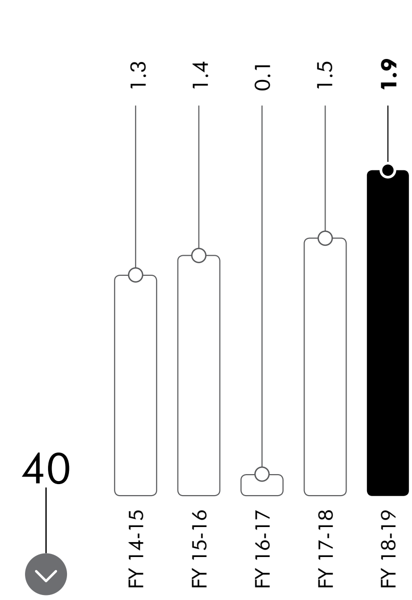
Figures for FY18 & FY19 are reported under Ind AS

% growth (y-o-y) bps growth (y-o-y)

* Impacted due to substantial loss on sale of NPA

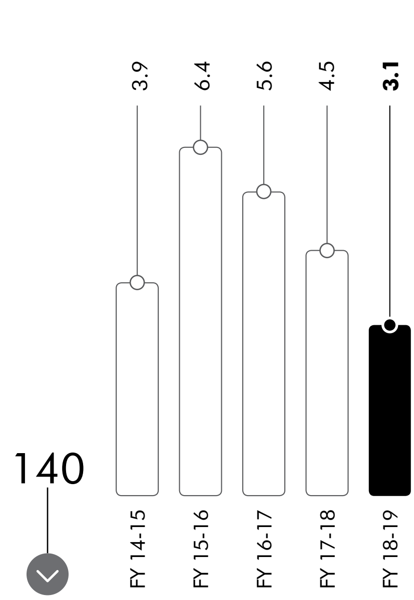
RETURN ON ASSET

(in %)



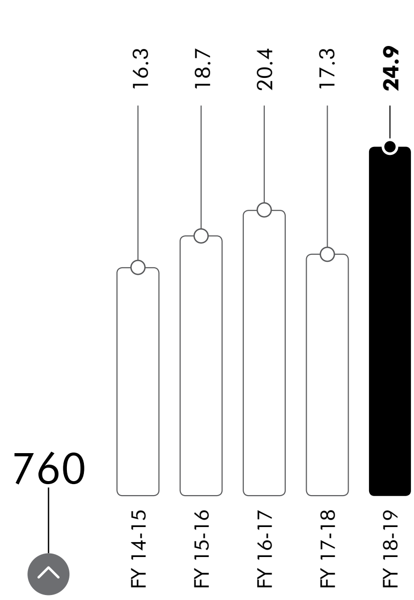
NET NPA**

(in %)



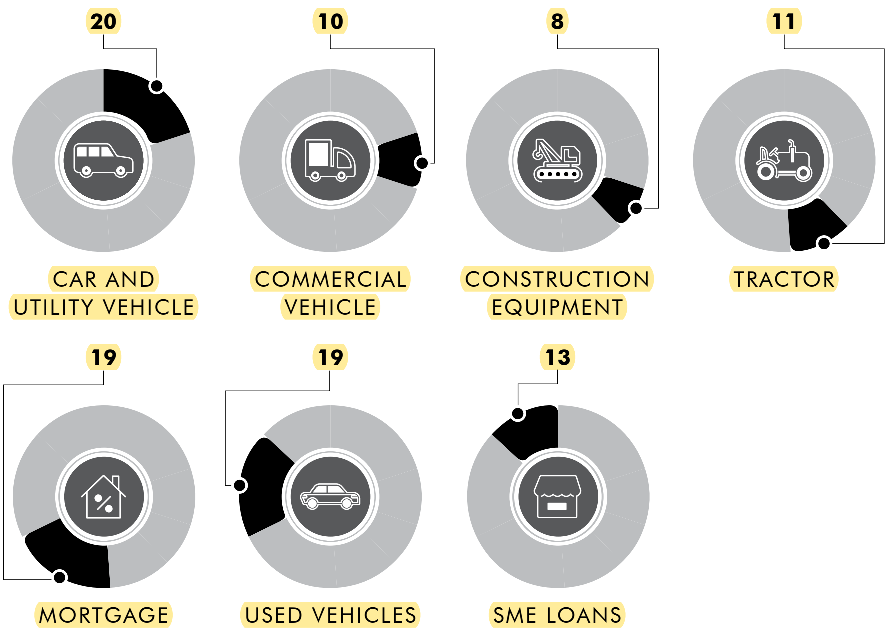
CAPITAL ADEQUACY RATIO (STANDALONE)

(in %)



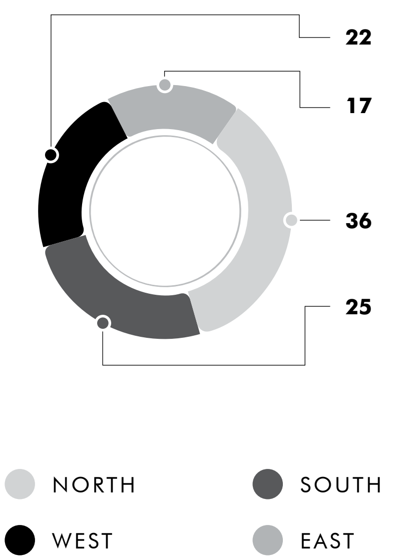
LOAN BOOK BY PRODUCT IN 2018-19

(in %)



LOAN BOOK BY GEOGRAPHY IN 2018-19

(in %)



Figures for FY18 & FY19 are reported under Ind AS

% growth (y-o-y)   bps growth (y-o-y)

** From FY18 at 3 months overdue; earlier at 4 months overdue on AUM

BOARD'S REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,
Your Directors have pleasure in presenting the 39th Annual Report along with the Audited Financial Statements of the Company for the financial year ended 31 March, 2019.

FINANCIAL HIGHLIGHTS IS GIVEN BELOW:

(₹ in lacs)

Particulars	Standalone		Consolidated	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Total income	228,474.56	209,845.67	251,339.06	232,786.93
Profit before interest and depreciation	147,067.55	129,862.56	161,439.46	145,569.07
Less: Interest and finance charges	101,764.01	101,255.26	112,223.40	111,748.76
Less: Depreciation	5,015.63	4,898.60	5,046.39	4,922.45
Profit before tax	40,287.91	23,708.70	44,169.67	28,897.86
Share of profit of joint ventures	-	-	66.42	186.82
Tax Expense	12,775.04	3,586.16	13,835.46	5,395.91
Profit after tax	27,512.87	20,122.54	30,400.63	23,688.77
Add: Other Comprehensive Income/ (loss)	(182.29)	4.79	(496.70)	270.31
Total Comprehensive Income	27,330.58	20,127.33	29,903.93	23,959.08
PROFIT AVAILABLE FOR APPROPRIATION				
Profit after tax	27,512.87	20,122.54	30,400.63	23,688.77
Balance of profit for earlier years	13,257.93	(412.49)	25,498.14	8,707.23
Profit available for appropriation	40,770.80	19,710.05	55,898.77	32,396.00
Add: Other Comprehensive Income/ (loss)	(122.73)	(60.40)	(136.66)	(26.19)
Transfer to statutory reserve	(5,510.00)	(4,110.00)	(6,200.00)	(4,589.95)
Less: Dividend paid	(2,597.11)	(2,281.72)	(2,597.11)	(2,281.72)
Balance carried forward	32,540.96	13,257.93	46,965.00	25,498.14

Note: The Company has adopted Ind AS from 01 April 2018 with effective transition date of 01 April 2017 and accordingly, these financial statements together with the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS. Accordingly, the previous year's figures have been regrouped and rearranged wherever necessary to align with the current year's presentation.

ECONOMIC AND INDUSTRY OVERVIEW

Global Economic Overview

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. China growth declined following a combination of needed regulatory tightening and increase in trade tensions with the United States. The euro area economy lost more momentum than expected, as consumer and business confidence weakened and car production in Germany was disrupted by the introduction of the new emission standards.

Global growth is expected to remain steady at 3.7% in 2020, as the decline in growth of advanced economies, due to unwinding of the US fiscal stimulus and the fading of the favorable spillovers from US demand to trading partners, would be offset by a pickup in emerging market and developing economy growth.

Indian Economic Overview

According to the world economic outlook India is expected to grow at 7.3% in fiscal year 2019-20 (given the recent increase in oil prices and the tightening of global financial conditions). India's GDP growth is supported by the continued recovery of investments and robust consumption. The increase in GDP will be supported by the following:

- **Near Normal monsoon forecast by the Indian Metrological Department:** As per IMD the country is likely to observe well distributed rainfall during monsoon 2019. IMD has also mentioned that these rains will be quite beneficial to the farmers in the country during the Kharif season.

- **Strengthening of Goods and Service Tax compliance and further reducing subsidies:** Intelligent data analytics, related tax leakage detections will further help the government in continuous increase in GST collections.

- **Strengthen financial sector balance sheets, including through accelerated resolutions of Non performing assets under a simplified bankruptcy framework:** This year the government provided further capital infusions to public sector banks. These measures, combined with the application of the Prompt Corrective

Action framework, which requires timely recognition and resolution of bad loans are helping to address solvency and asset quality challenges.

- **Implementation of structural reforms and easing of infrastructure bottlenecks:** Increased Government effort to solve land related problems will boost overall infrastructure sector.

- **Growth in Industrial Production:** For the year to date (April 2018 to January 2019), IIP growth has shown a growth of 4.4% as compared to 4.1% in the corresponding period. In FY 2019-20 the growth will further improve due to growth in private consumptions and investments.

However, there are some concerns:

- **Inflation:** Headline consumer price index (CPI) inflation averaged 4.4% during fiscal year 2019 upto August 4.1%, excluding the estimated impact of house rent allowances (HRAs) for central government employees. A broad-based uptick in inflation in respect of prices of fuel, transportation, personal care/effects, education and health services was largely offset by the unexpectedly and unseasonal benign food inflation.

  For FY 2019-20, structural model estimates indicate that inflation will move in a range of 4.5-4.8%, assuming a normal monsoon and no major exogenous/policy shocks.

- **Fiscal Deficit:** The government fiscal health remain a key risk in FY 2019-20. With the central government revising up its fiscal deficit, the fiscal consolidation path have been stretched again. Achieving the fiscal deficit 2019-20 will be challenging given the aggressive divestments and goods and service tax collection targets. However the government net borrowing from the market is expected to moderate to 2.4 trillion in fiscal 2019-20 from 3.02 trillion this fiscal

- **Political Uncertainty:** In H1 2019, the political uncertainty is expected to compound negative effects impinging on investment such as weak external demand and high real interest rates and arrest private investment, as businesses seek political certainty before committing to new projects. The elections being held in April-May 2019 will be an important determinant of future growth and investment.

Industry Overview

NBFC Sector

FY 2018-19 was an extremely challenging year for Non-Banking Finance Companies (NBFC). The default by a major infrastructure financial institution on repayment of commercial papers shook the industry, making debt investors wary of investing in them; leading to tremendous liquidity pressure. The asset liability scenario worsened. The market too has punished them heavily, with stock prices of the listed non-banks hitting 52 week lows. However the liquidity situations has improved and is gradually returning to normalcy even as borrowing costs have increased by 0.5-2.0%. NBFCs are now diversifying the liability side and reducing dependence on banks and mutual funds for capital. The focus now is on tapping resources from new avenues like retail NCD, deposits, insurance, pension and EPFO funds.

India has been witnessing good growth in consumer lending in recent years and NBFCs have been growing this business much better than banks.

Regardless of recent panic and meltdown in the market values of NBFCs, they are here to stay and will play an important role in the economic growth and financial inclusion. In fact, as the economy becomes larger and grows faster, the need for credit will rise disproportionately. Hence NBFC will be required to support the economy with free flowing credit lines.

Overview of underlying asset class

Automobile sector

All India sales of new Commercial Vehicles (CV) continue to grow, it grew by 17.55% during FY 2018-19, as compared to 19.94% in FY 2017-18. The increase in demand has been in all segments such as Medium & Heavy Commercial Vehicles (MHCV), Light Commercial Vehicles (LCV) and Small Commercial Vehicles (SCV) which witnessed growth of 11.4%, 17.6% and 21.2%, respectively.

The sale of new passenger vehicles recorded a growth of 2.7% during FY 2018-19, against 7.9% growth recorded in FY 2017-18. The sluggish growth is mainly due to high fuel prices, rising borrowing & insurance cost and the popularity of ride hailing apps. Within the Passenger Vehicles segment, Passenger Cars, Utility Vehicles and Multipurpose Vehicles grew by 2.0%, 2.1% and 13.1% respectively, compared to the corresponding previous year.

SME Sector

Small and medium enterprises (SME) sector, rightly known as India's 'engine of growth', has scaled significantly over the years on the back of increasing awareness, digital advancements and better opportunities that have encouraged many entrepreneurs to offer innovations and emerge as success stories. Micro, small, and medium enterprises (MSMEs) complement large corporates as suppliers and directly cater to endusers. The MSME sector contributes to the country's socio-economic development by providing large employment opportunities in rural and backward areas, reducing regional imbalances, and assuring equitable distribution of national wealth and income.

Mortgage Sector

The recent NBFC crisis in India has brought to the fore the funding and low equity capitalization issues especially of the housing finance company (HFC) sector. Despite headwinds Housing finance companies still remain an attractive business opportunity.

Overview of Company's Performance The Company continues to show significant progress in each area of its business in FY2018-19. The new initiatives undertaken by the Company continues to show positive impact in all areas during the current year.

Disbursements and Loan Assets

During the year FY2018-19, the standalone disbursements grew by 14.1% from ₹6,72,581 lacs in FY 2017-18 to ₹7,67,204 lacs in FY2018-19. Similarly, the consolidated disbursements grew by 20.2%, from ₹7,28,680 lacs in FY2017-18 to ₹8,75,736 lacs in FY2018-19. The growth in disbursement is mainly on the back of increase in disbursement of Housing loans, Used Assets, Commercial Vehicles, Construction Equipment's and SME loans.

Total Loan Assets as on 31 March 2019 on standalone basis increased by 4.3% y-o-y basis to ₹14,59,915 lacs. Similarly, the total Loan Assets on consolidated basis registered a growth of 7.8% to ₹17,02,865 lacs.

Asset Quality

The consolidated Stage 3 Assets (Gross Non Performing Assets (GNPA)) ratio on 3 month overdue basis on total Assets Under Management (AUM), declined significantly from 8.6% in March 2018 to 4.8% in March 2019. Similarly, the Net Non Performing Assets (NNPA) ratio on total AUM has declined from 4.5% in March 2018 to 3.1% in March 2019. The early warning indicators for all products are trending below threshold parameters indicating robust quality of portfolio being currently underwritten.

Liquidity

Magma has been able to steer through this liquidity crisis well, primarily because our Business Model, both in NBFC and HFC is focused on retail lending with

a. Average ticket size of ₹ 4 to 5 lacs for ABF, ₹ 9 to 10 lacs for Mortgage and ₹ 20 lacs for SME Business;

b. Pan India presence through its 310 branches spread across 21 States;

c. Diversified product mix, with no single product comprising more than 20% of the portfolio; and

d. Our robust track record of asset securitization, having done securitization of over 230 pools for total asset value of over ₹ 41,500 crore over past 12 years with diverse investors, namely Public Sector Banks, Private Sector Banks, Foreign Banks and Mutual Funds.

We were able to raise adequate resources for our disbursements to continue unhindered. We exited the year with liquidity of over ₹ 2000 crore, enough to meet all our funding requirements for over 2 months without any additional funds raise and we have also tightened our internal ALM norms and will further improve during the current year.

New Initiatives and Business Outlook

Key Initiatives FY 2018-19:-

- Customer Delight - Implemented State of the art Customer Relation Management (CRM) system for 360° customer view across Business leading to improvement in cross sell and customer experience
- Analytics powered Credit Engine implemented leading to improvement in Turn Around Time (TAT) and uniformity in credit decision
- Independent enterprise wide, independent risk management framework (ERM) has been set up to monitor all risk, for e.g. Credit Governance, Operational Risk, Fraud Risk, InfoSec and Compliance.

Asset Backed Finance (ABF) disbursement grew by 10%, increasing from ₹ 534,531 lacs in 2017-18 to ₹587,673 lacs in 2018-19. The overall AUM increased from ₹ 11,080,14 lacs in 2017-18 to ₹11,591,16 lacs in FY 2018-19. This stable growth is on the backdrop of the following:-

- Healthy disbursement growth in focus products namely Commercial Vehicles and Used Assets which achieved a sharp YOY growth of 30% and 28% respectively in FY 2018-19.
- Used Assets AUM contribution increased from 18% in FY 2016-17 to 28% in FY 2018-19
- Direct channel contribution significantly grew from 37% in FY 2017-18 to 41% in FY 2018-19.

ABF business continued portfolio reshaping, by increasing contribution of focus products, which is yielding positive results.

Mortgages Business, the Company showed a significant growth this year with disbursement increasing by 84% over previous year. The overall disbursement increased from ₹ 59,352 lacs in FY 2017-18 to ₹1,09,182 lacs in FY 2018-19. The increase is due to the following:-

- Stellar growth in Home loan portfolio of 223%.The disbursement in home loans grew from ₹20,054 lacs in FY 2017-18 to ₹64,700 lacs in FY 2018-19 in line with "GO HOME LOAN" strategy implemented by the Company.
- The contribution of home loan portfolio increased from 25% in FY 2016-17 to 38% in FY 2018-19 in the overall housing AUM.
- Direct sourcing improved from 33% in Q2FY 2017-18 to 79% in Q4FY 2018-19 in line with change in the company's "GO DIRECT" strategy.
- Focused deep market penetration in 93 locations across 10 states using unit model implementation.

The push for affordable housing by the Government of India will further expand the Company's current housing portfolio. The company is poised towards being a unique affordable finance company having a national presence.

SME Business continues to grow at a healthy pace. SME disbursement increased from ₹ 134,797 lacs in FY 2017-18 to ₹178,880 lacs in FY 2018-19 registering a growth of 33%. The asset under management increased by 16% i.e. from 195,889 lacs in FY 2017-18 to ₹227,755 lacs in FY 2018-19. The growth is due to the following:-

- Distribution focus in Upcountry markets which helped clock growth over 41% in upcountry cities. Direct distribution model launched to increase customer wallet share through auto top-ups.
- MScore Credit Rule Engine launched, along with back-tested Credit Scorecards for improvement in credit quality.

With more geographical expansions and focus on portfolio quality the SME business is expected to continue to show good growth in the coming years and will contribute significantly to the bottom line of the Company.

Insurance business crossed ₹1,00,000 lacs Gross Written Premium in FY 2018-19 registering a growth of 83.1% YoY vs the industry growth of 12.9%. The insurance business reached a customer base of 1 million in FY 2018-19 with 5,000+ partners as at March 2019.The business has witnessed significant productivity improvements in retail agency, banc assurance and alliance channels. The company continues to increase its Non motor commercial portfolio backed by strong panel of reinsurers. The Servicing infrastructure for retail and group health business put in place which will help significant growth in health insurance business in the coming years.

Branch network

Magma has expanded its branch network to 310 branches in FY 2018-19 as compared to 305 branches in FY 2017-18. The Company has a pan India presence with good geographical diversification. The Company continues to exploit the untapped potential of existing branches and ensure that more products are available across our branch network.

FINANCIAL PERFORMANCE

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

The Company's Profit after Tax (PAT) on consolidated basis increased to ₹ 30,401 lacs in FY 2018-19 compared to ₹ 23,689 lacs in FY 2017-18 registering a growth of 28.3%.

The Company has maintained stable net interest margin (NIM) of 8.5% despite facing a high interest rate scenario. Better interest cost management and a prudent mix of products helped the Company maintain its net interest margin (NIM).

Net Income from Operations (i.e. total income less finance cost) on a consolidated basis increased by 15% from ₹ 121,038 lacs in FY 2017-18 to ₹139,116 lacs in FY 2018-19.

The write off and provisions has shown a significant improvement in FY 2018-19. The write offs and provision declined from ₹ 31,595 lacs in FY 2017-18 to ₹ 26,540 lacs in FY 2018-19. However, the overall opex ratio increased from 3.8% in FY 2017-18 to 4.2% in FY 2018-19 mainly due to investments in technology and investments in the existing business.

On a Standalone basis, the Capital Risk Adequacy Ratio (CRAR) for the year FY 2018-19 was 24.9%, against the RBI stipulated norm of 15% for non-deposit taking Asset Finance Companies.

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios:

1. Debt Equity ratio has fallen from 6.13 to 4.60 at standalone level and from 6.15 to 4.79 at consolidated level. This represents a fall of 25% and 22% at standalone and consolidated level. The primary reason of fall in debt equity ratio is capital raise of ₹ 500 crore through Qualified Institutional Placement (QIP) in April 18 and retained earnings for the year.

2. There is a significant increase in ROA by 26.1% in FY 2018-19 (as compared to FY 2017-18), due to the following factors:

    a. NIM was healthy at 8.5% in FY 2018-19, an increase of 13% on YoY basis

    b. Net Credit Cost dropped by 16.0% on a YoY basis, primarily on account of improvement in Collection efficiency (exceeded 100% in FY 2018-19) and Asset quality (Gross NPA dipping from 8.6% in FY 2017-18 to 4.8% in FY 2018-19).

There is an increase in Return on Networth (RoNW) by 1.2% in FY 2018-19 (as compared to FY 2017-18), due to the following factors:

a. NIM was healthy at 8.5% in FY 2018-19, an increase of 13% on YoY basis

b. Net Credit Cost dropped by 16.0% on a YoY basis, primarily on account of improvement in Collection efficiency (exceeded 100% in FY 2018-19) and Asset quality (Gross NPA dipping from 8.6% in FY 2017-18 to 4.8% in FY 2018-19).

c. RoNW increase is partially offset by increase in Closing Net Worth (net of goodwill) by 39.4% in FY 2018-19 as compared to FY 2017-18 mainly due to impact of Capital raise of ₹ 500 crore through QIP during the year.

CHANGE IN NATURE OF BUSINESS

During the year, there was no change in the nature of business of the Company or its subsidiary.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT

There are no material changes or commitments affecting the financial position of the Company that have occurred between the end of the financial year and the date of this Report.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the requirements in terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred to as 'Listing Regulations') your Company prepared Consolidated Financial Statements in accordance with Ind AS 110 "Consolidated Financial Statements" and Ind AS 27 "Separate Financial Statements". The Consolidated Financial Statements forms part of this Report.

SUBSIDIARY AND JOINT VENTURE COMPANIES

Magma Housing Finance Limited (MHFL) is a wholly owned subsidiary of the Company. MHFL has made disbursements of ₹ 108,532 lacs in FY 2018-19 against ₹ 56,099 lacs in previous year. MHFL has earned a PBT of ₹ 4,700 lacs for the year ended 31 March 2019 against ₹ 5,188 lacs in previous year.

The Company's Joint Venture with HDI Global SE for General Insurance Business in India named Magma HDI General Insurance Company Limited (Magma HDI) (the 'JV Company') has shown good growth in the current year. Magma HDI has reported Gross Written Premium (GWP) of ₹ 102,582 lacs in FY 2018-19 against ₹ 56,028 lacs in FY 2017-18. Magma HDI has earned negative PBT of ₹ 841 lacs for the year ended 31 March 2019 as against ₹ 543 lacs for the year ended 31 March 2018 mainly due to increase in management expenses.

Jaguar Advisory Services Private Limited (JASPL), a Joint Venture with HDI Global SE is an Advisory Services Company domiciled in India. Presently, JASPL provides manpower services. JASPL has earned a PBT of ₹ 1.05 lacs for the year ended 31 March 2019 against ₹ 1.36 lacs in previous year.

Pursuant to the order dated 8 May, 2018 of Hon'ble National Company Law Tribunal, Kolkata Bench, Magma ITL Finance Limited, wholly owned subsidiary (MITL) has been merged with your Company and MITL stands dissolved without winding up on the effective date and therefore ceases to be wholly owned subsidiary company of your Company

Statement containing salient features of Accounts of the Company's subsidiary and joint venture companies

Pursuant to Section 129(3) of the Companies Act, 2013 a statement in Form AOC-1 containing the salient features of the Financial Statement of your Company's subsidiary and joint ventures forms part of this Report and hence not repeated here for the sake of brevity.

TRANSFER TO RESERVE

The Company proposes to transfer a sum of ₹ 5,510.00 lacs to Statutory Reserve as required by RBI.

DIVIDEND

As stipulated in Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has in place the Dividend Distribution Policy which is available on the Company's website at its weblink i.e.,https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/ The same also forms part of the Board's Report and is annexed as **Annexure - 5.**

In accordance with the Policy, the Board would endeavour to maintain a total dividend pay-out ratio in the range of 10% to 20% of the annual standalone PAT of the Company. Your Directors have recommended dividend @40% on Equity Shares i.e. Re. 0.80 per Equity Share of the face value of ₹ 2/- each to deliver sustainable value to its shareholders. The payment of the dividend is subject to declaration by the members at the ensuing Annual General Meeting of the Company.

DEPOSITS

Being a non-deposit taking Company, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 and the provisions of Companies Act, 2013.

EMPLOYEE STOCK OPTION SCHEME

Your Company had formulated and implemented Magma Employees Stock Option Plan 2007 (MESOP 2007) and Magma Restricted Stock Option Plan 2014 (MRSOP 2014) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and SEBI (Share Based Employee Benefits) Regulations, 2014 including any amendments thereto ('SEBI Guidelines/Regulations').

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/Regulations.

The details of the options granted and outstanding as on 31 March 2019 along with other particulars as required by Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 is available on the website of the Company www.magma.co.in at https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/ and the Auditors' Certificate would be placed at the forthcoming Annual General Meeting pursuant to Regulation 13 of the said Regulations.

SHARE CAPITAL

Equity Shares

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

Issue of Equity shares through Qualified Institutional Placement (QIP) under the provisions of Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended

Your Company raised capital amounting to ₹ 500 crore, approximately, through the Qualified Institutional Placement (QIP) route by way of issuing and allotting 3,22,58,064 Equity Shares of face value ₹ 2 each for cash at issue price of ₹ 155 per Equity Share (including a premium of ₹ 153 per Equity Share), to a host of renowned and marque Institutional Investors who are Qualified Institutional Buyers.

The new Equity Shares issued and allotted as aforesaid rank "pari passu" with the existing Equity Shares of the Company in all respects.

Your Company has duly utilised the issue proceeds raised through QIP, to augment its long term working capital requirements, strengthen its financial position by augmenting its long term capital resources, improve its capital adequacy norms and for general corporate purposes and for payment of Issue expenses. This is in line with the issue purpose mentioned in the Explanatory Statement of the Notice of the Postal Ballot dated 13th November, 2017 and the Placement Document filed with various Regulatory Authorities. Details of the Issue and the end use of funds were furnished to the Audit Committee.

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

During the year, 37,500 Equity Shares of the face value of ₹ 2/- each, were allotted to the eligible employees at a price of ₹ 60/- per Equity Share (including a premium of ₹ 58/- per Equity Share) upon the exercise of stock options by the employees.

After the close of financial year

After the close of financial year, 18,000 Equity Shares of face value of ₹ 2/- each were allotted to the eligible employees at face value upon the exercise of stock options by the employees.

Consequent to the issue of the additional Equity Shares as above, the issued, subscribed and paid up Equity Share

Capital of the Company stands increased to ₹ 53,86,84,472/- (Rupees Fifty Three Crore Eighty Six lacs Eighty Four thousand Four Hundred and Seventy Two only) divided into 26,93,42,236 Nos. (Twenty Six Crore Ninety Three lacs Forty Two Thousand Two Hundred and Thirty Six only) of Equity Shares of ₹ 2/- each as on date.

DEBT

Public Issuance of Secured Redeemable Non-Convertible Debentures

Your Company has announced its maiden retail issue of Secured Redeemable Non Convertible Debentures (NCDs) of face value of ₹ 1,000/- each for an amount of ₹ 200 crore ("Base Issue Size"), with an option to retain over subscription upto ₹300 crore aggregating to ₹ 500 crore (the "Overall issue size/ Tranche I Issue"), to continue to broaden the liability mix by bringing in new instruments as well as diversifying the investor base and profile. The Issue opened for subscription on 8th April 2019 and closed on 30th April 2019. 20,14,145 NCDs were allotted on 6 May 2019 and listed with National Stock Exchange of India Limited and BSE Limited.

The net proceeds received from the Issue shall be used for the purpose of onward lending, financing, and for repayment/prepayment of interest and Principal of the existing borrowings of our Company and for general corporate purposes as mentioned in the Tranche I Issue Prospectus.

Private Placement Issue of Debentures (Secured & Unsecured Debt) & bank borrowings

During the year, the Company converted 200 partly paid units of Secured Redeemable Non-Convertible Debentures of face value ₹ 100 lacs each to fully paid up, raising the balance amount of ₹ 17,000 lacs, being 85% of total face value.

During the year, the Company has raised fresh long term Secured Loan from Banks of ₹ 75,000 lacs.

During the year, the Company has raised a long term loan in the nature of Subordinate debt from Bank aggregating to ₹ 10,000 lacs. The purpose of the Loan is to augment the Tier II Capital of the Company.

During the year, the Company has also raised funds from Banks and Mutual funds through fresh issue PTC (Pass Through Certificate) aggregating to ₹ 2,81,097 lacs.

CREDIT RATING

During FY 2018-19, rating for Short-term debt instruments from CRISIL are re-affirmed at CRISIL A1+. Credit Analysis & Research Limited ('CARE') reaffirmed its ratings on the Company's Short term debt instruments at CARE A1+, Bank Facilities, long term Secured and Subordinated Debt instruments at CARE AA- and Perpetual Debt instruments at CARE A+. The long term Secured Debt instruments and Bank Facility ratings of the Company have been reaffirmed by ICRA Limited & India Ratings & Research Private Limited at ICRA AA- and IND AA- respectively. AA- reflects that these instruments have high degree of safety regarding timely payment of financial obligations and carry very low credit risk. ACUITE (erstwhile SMERA) and Brickwork ratings has reaffirmed the rating for Unsecured Subordinated Debt Instrument at AA. During the year Brickwork ratings & ACUITE have also rated the Secured Redeemable Non Convertible Debenture of the Company as AA.

All the above mentioned ratings carries a Stable outlook.

Instrument	Rating	Rating Agency
Rating Under Basel Guidelines		
Fund Based & Non Fund Based from Banks	AA-	CARE
	AA-	ICRA
	AA-	India Ratings
Short Term Debt (Commercial Paper)	A1+	CARE/CRISIL
Secured Redeemable Long Term Bond/Note	AA-	CARE/ ICRA/India Ratings
	AA	BWR/ACUITE
Unsecured Subordinate Tier II Bonds	AA-	CARE
	AA	Brickwork/ACUITE
Perpetual Debt Instruments	A+	CARE
	AA-	Brickwork

A status of ratings assigned by rating agencies and migration of ratings during the year is also provided in note no. 56(i) to the standalone financial statements of the Company.

PARTICULARS OF LOANS, GUARANTEE AND INVESTMENTS OUTSTANDING DURING THE FINANCIAL YEAR

Particulars of loans, guarantee and investments outstanding during the financial year is furnished in note nos. 6, 7, 44 and 55 to the standalone financial statements of the Company.

RISK MANAGEMENT

The Risk Management Committee (RMC), functions in line with the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 and Listing Regulations. The Committee met four times during the year, its terms of reference and functioning are set out in the Corporate Governance Report. 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 Company has also implemented/adopted Risk Management Policy duly approved by the Board.

To make the current Risk Management practice more robust and aligned to the industry practice, the management has set up an internationally accepted forward looking Integrated Risk Management (IRM) Framework. This covers all risks families including but not limited to Credit Risk, Market & Interest Risk, Compliance Risk, Operational Risk, Reputational Risk and Financial Risk. The said framework facilitates identification, measurement, mitigation and reporting of risks through constant monitoring of Key Risk Indicators within the organisation. Involvement of the Senior Management team in implementation of the IRM framework ensures achievement of overall organisational objectives across all business units.

The risk management infrastructure operates on five key principles:

1. An overarching Risk Appetite Statement that defines the shape of the portfolio, delivering predictable returns, through economic cycles, and optimizing enterprise-wide risk-return and capital deployment.

2. Independent governance and risk management oversight.

3. Establishment of forward looking Strategic Risk Assessment with pre-emptive credit and liquidity interventions, to ensure proactive early action in the event of emerging market adversity.

4. Maintenance of well-documented risk policies with performance guardrails.

5. Extensive use of risk and business analytics, and credit bureau as an integral part of decision making process.

The Integrated Risk Management group is headed by the Chief Risk Officer, who is responsible for overseeing Magma's risk functions including credit risk, market risk, compliance risk, operational risk, reputational risk and financial risk across all businesses, products and processes.

Credit Risk

Magma adopts an independent approval process guided by product policies, customer selection criteria, credit acceptance criteria and other credit underwriting processes for sanctioning and booking each loan. This allows each customer to be independently assessed based on both financial and non-financial measures.

All credit policies are clearly documented and approved by the Risk Management Committee of the Board. Credit policies are reviewed on a periodic basis driven by changes in macro-economic, industry/segment and credit bureau in addition to internal portfolio performance.

Credit approval and administration is managed through a judicious use of Credit Rule Engine, assessment by seasoned credit appraisal experts and an appropriate delegation of credit authority.

The journey of portfolio quality correction initiated in FY 2017-18 has been steadfastly pursued in FY 2018-19 as well. A robust hindsighting process and ensuring focus on attaining statistically derived benchmarks for early warning indicator (EWI), and continuous portfolio monitoring indicator (CPMI) have led to significant improvements in delinquencies and loss parameters.

Operational risk management

Operational risk framework is designed to cover all functions and verticals towards identifying the key risks in the underlying processes.

The framework, at its core, has the following elements:

1. Documented Operational Risk Management Policy
2. Well defined Governance Structure
3. Use of Identification & Monitoring tools such as Loss Data Capture (LDC), Risk and Control Self Assessment (RCSA), Key Risk Indicators (KRIs).
4. Standardized reporting templates, reporting structure and frequency
5. Regular workshops and training for enhancing awareness and risk culture

Magma has adopted the internationally accepted 3-lines of defense approach to operational risk management.

First line - Each function/vertical undergoes 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.

Second line – Independent risk management vertical supports the first line in developing risk mitigation strategies and provides oversight through regular monitoring. All key risks are presented to the Risk Management Committee on a quarterly basis.

Third line – Internal Audit conducts periodic risk-based audits of all functions and process to provide an independent assurance to the Audit Committee.

Market risk

Any mismatch in tenures of borrowed and disbursed funds may result in liquidity crisis and thereby impact the Company's ability to service its loans. Thus it is imperative that there exists nil or minimal mismatch between the tenure of borrowed funds and assets funded. Magma has well-defined treasury policies for managing liquidity, investments, interest rate and borrowings. The Company has endeavour to maintain appropriate asset liability maturity with regard to its tenure and interest rates.

The Company has taken the following measures to rectify/bridge the cumulative negative mismatch in the March 2019 quarter:

1. Raised funds through long term Secured and Unsecured Loan.

2. Raised long term funds through Securitisation.

3. Raising funds through public issue of Secured NCDs.

Foreign exchange risk

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

Liquidity risk management

Magma, over a period of 3 decades, has worked meticulously to diversify 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 such as Banks, Insurance Companies, Mutual Funds, Pension funds, Financial and other institutions including Corporates. In addition to this, the Company has established an excellent track record in its access to the securitization / assignment market. As a matter of prudence and with a view to manage liquidity risk at optimum levels, Magma keeps suitable levels of unutilized bank limits to effectively mitigate possible contingencies arising out therefrom.

The Company has in place an Asset Liability Management Committee (ALCO) comprising of Board Members, which periodically reviews the asset-liability positions, cost of funds, and sensitivity of forecasted cash flows 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 with respect to managing various financial risks viz. asset liability risk, foreign currency risk and liquidity risk.

The Company has a comfortable liquidity position by way of unutilized Bank line and investment in Fixed Deposits and further supported by funds raised through Secured/Unsecured Term Loan, Secured Debentures, Commercial Papers and Securitization.

People Risk

Magma provides a conducive work environment to its employees that enables them to perform well and hone their skills. Our policies are designed to ensure a healthy and safe workplace, free from discrimination or harassment. Our people are our most valuable asset and we are committed to attract, engage and retain talent to create long-term value for our customers and stakeholders.

People risks that Magma focuses on includes following:

Inadequate availability of skilled manpower:

- Limited availability of candidates with appropriate skillset, experience and culture fitment.

Productivity Risk:

- Longer learning curve leads to low output.
- Time taken to filling of required manpower hampers installed capacity.

Succession planning:

- Risk to business continuity due to lack of leadership succession.

Magma is proactive in identifying and addressing risk aspects around people and address them in a timely and comprehensive manner.

Further, the Board is of the opinion that at present there are no material risks that may threaten the functioning of the Company.

INTERNAL CONTROL SYSTEM

Internal Control and Audit

Magma has an adequate system of internal control in place. The Company has documented its policies, controls and procedures, covering all financial and operating activities. IT general controls, designed to provide a reasonable assurance with regard to reliability on financial reporting, monitoring of operations, protecting assets from unauthorised use or losses, compliances with regulations, prevention and detection of fraudulent activities, etc. The Company continues its efforts to align all its processes and controls with leading practices.

A well-established, independent Internal Audit team reviews, monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, procedures and policies of the Company and its subsidiary. The scope and authority of the Internal Audit division is derived from the Audit Charter, duly approved by the Audit Committee.

The Audit Committee of the Board of Directors, comprising of independent directors, regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with accounting standards as well as reasons for changes in accounting policies and practices, if any.

Internal Financial Control

The Company's has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. Review of the internal financial controls environment of the Company was undertaken during the year which covered testing of Process, IT and Entity level controls including review of key business processes for updating Risk Control Matrices, etc. The risk and control matrices are annually reviewed and control measures are tested and documented. Moreover, the Company continuously upgrades its systems and undertakes review of policies, guidelines, manuals and authority matrix. The internal financial control is supplemented by extensive internal audits, regular reviews by the Management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements, its reporting and other data. The Audit Committee of the Board reviews internal audit reports given along with management responses. The Audit Committee also monitors the implemented suggestions. The Company has, in material respect, an adequate internal financial control over financial reporting and such controls are operating effectively. The statutory auditors of the Company have also certified on the existence and operating effectiveness of the internal financial controls relating to financial reporting as of March 2019.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has in place a vigil mechanism named "Breach of Integrity and Whistle Blower (Vigil Mechanism) Policy" to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimisation of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee.

The details of the said Policy is explained in the Corporate Governance Report and is available on the website of the Company www.magma.co.in at https://magma.co.in/about-us/investor-relations/s ecretarial-documents/download-secretarial-documents/.

HUMAN RESOURCE-PEOPLE COUNT AT EVERY STEP

At Magma, we believe that key pillars to business are people, processes, product and technology. Our endeavour is to create a conducive environment in which all four pillars work in harmony for the success of the organisation and its people.

Learning and development

In continuation of our efforts to make Magma a self-developing Organization, we have taken various learning initiatives delivered through an e-Learning platform and instructor led programmes. This year special emphasis has been on developing 'Personal & Managerial Effectiveness'. The senior leadership at Magma was taken through a leadership journey - Leadership Excellence through Awareness Practice (LEAP) program. The participants gained insight on self, organizational and peer leadership through one-on-one coaching and peer reflection sessions.

The key focus is to leverage L&D and business partnership to co-create novel learning methods and embedding them to deliver business outcomes.

Driven by technology

We have embedded technology to ease our people processes. Our onsite PeopleSoft platform has all modules which are delivered on the internet including recruitment, employee confirmation, performance management, separation for employees and real-time dashboard for leaders to take informed decision. To create a great new joinee experience eMilaap, a portal to upload new hire documents has been well-adopted.

Incentive schemes

Incentive is an important driver of business outperformance. We have schemes for employees in Line (revenue generating, customer facing) roles designed with clear key performance indicators (KPIs). The scheme design incorporates specific nuances to ensure that each plan is aligned with the business objectives. At the frontline, we have monthly incentive schemes, while at supervisory roles, the frequency is quarterly and annually. These are dynamic schemes that reflect changes in the external macroeconomics environment and revisited each year.

Key HR Initiatives

Our retention strategy starts from the hiring stage and continues through the entire employee life cycle management. We are having the following retention strategies:

- Hire people who meet the job role and Value system of Magma
- To strengthen our new joinees experience we launched "Aarambh" & "Maitree 2.0"
- Launched performance recognition programs-"Udaan" & "Pinnacle" for faster career growth
- Launched a technology platform to facilitate resolution of employee queries
- Launched monthly Reward & Recognition programmes to achieve business outcomes

Outlook

In the coming year, Magma is focusing upon following areas in the People Agenda:

Culture

Initiatives are being deployed to create stories and symbols that manifest the Values of integrity, collaboration and respect.

Retention

- Managerial capability enhancement through training and coaching.
- To drive succession planning and career progression
- Leverage the Talent Council framework for internal promotions.

Productivity

Re-enforcement of Supervisor accountability and responsibility.

Deploy performance review framework.

Engagement

Promote and conduct organisation level communication initiatives such as Leadership interaction through webcast – "Vartalaap", Annual day celebration-"Magma Mahotsav". Programmes for Regular engagement with employees across all levels.

Prevention of Sexual Harassment at Workplace

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a '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, in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 and the rules thereunder. We have also constituted an Internal Complaints Committee (ICC) to consider and address sexual harassment complaints in accordance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no case of sexual harassment was reported. To build awareness and appreciation of this area, we have implemented an online knowledge module leveraging our learning management system.

The Focus in the coming year is to emphasis and embed ethical work practices and integrity driven behaviour as one of the prime employee behaviour. For this effect one of the core initiatives is to embed evaluation of this behavior in every step of the employee life cycle, i.e., from recruitment to separation.

INFORMATION TECHNOLOGY

Magma continues to leverage technology in boosting efficiency and effectiveness of the critical functions across the value chain of processes encompassing Customer Service, sales, operations and risk management. This year Information Technology focused on empowering the branch operations and Customer service teams with Customer 360 views to improve Customer engagement and the quality of service. The controls and the workflow for credit risk assessment were significantly enhanced through automated policy rules and scorecards.

In FY 2018-19, Magma implemented "M-Serve", a Customer Relationship Management solution that focuses on streamlining and improving Customer Service across the touchpoints, while strengthening cross-sell and up-sell to meet the financial needs of existing Customers having healthy credit profile. The efficiency delivered through Customer 360 views and tracking of every Customer interaction continues to improve Customer engagement and loyalty.

The analytics based automated Credit Engine for ABF business has improved the consistency in decision making and increased process efficiency of credit risk assessment through straight-through processing, while delivering the economy of scale. The Credit Engine is directly integrated with point-of-sale to provide reliable and timely decisions for loan products covering cars, commercial vehicles and tractors. The automated workflow ensures the most efficient use of credit officers' time for exceptional cases requiring intervention for risk assessment.

The value-chain of lead-to-disbursement processes were optimized to identify and eliminate unnecessary paperwork. This resulted in improving efficiency of file processing at the branches and driving reduction in overheads of manual verification for the subsequent stages leading to disbursement.

The Information Technology function implemented an on-premises Cloud solution for databases of the mission-critical systems. The variations in demand of database resources across the systems are managed most efficiently through simple, agile and elastic capabilities of database system engineered for extreme performance, low operating costs and reduced risk of component failures. The Cloud capabilities coupled with on-premises deployment ensures performance and data residency with complete control.

During FY 2019-20, the Information Technology will continue to deliver digital capabilities to drive productivity improvements and reduction in turn-around-time for disbursements. The modernization of sales applications and loan origination systems will encompass effective ecosystem engagement, reduction in data entry and paper work, automated workflows with embedded controls for deviations and risk management, standards-based platform for integration and interoperability, and warehouse for business intelligence and analytics.

CORPORATE IMAGE BUILDING & ENGAGING TARGET AUDIENCE

Some of the key initiatives undertaken by Magma during the year are:

External branding though ATL

Magma conducted a brand promotion campaign on Radio pitching our product bouquet on 3 leading FM Radio channels, covering 16 important cities in India. Leading channels were selected for the regional language campaign to create brand awareness and recall.These initiatives accelerated a flow of enquiries, strengthened the brand recall and formed channel relationships across clusters.

Digital initiatives

We made efforts to strengthen our presence on digital platforms. The objective was to reinforce connect with customers and dealers. We beefed up our presence on social media channels such as Facebook, Linked in, Twitter with regular business updates, posts on the various achievements of the Company. Further, Magma posted various articles, TV interviews contributed by the management which helped in Thought leadership. We also launched a dedicated page for the Magma employees on Facebook, "WOW MAGMA", which managed to grab the imagination of Magmaites within weeks of launch.

Internal activities

The international communication team continued to host several business driving contests for our sales and collection teams. These contests motivated our teams and strengthened our relationship with the channels & regular organisational updates through e-mailers and internal branding, several employee engagement activities, regular Reward & Recognition programmes formed an important part of Magma's internal branding initiative. "Magma Mahotsav", held in 39 cities on the same day – our employee engagement flagship event was highly appreciated with the team as it recorded nearly 93% attendance pan India.

Customer connect programmes

During FY 2018-19, we focussed on cross sell to the existing customer base. "Grahak Diwas" activation was undertaken at 50 branches on a particular day of the month giving special offering to customers with good track record. Promotional initiatives included the use of mass SMS blast, tele-calling and branch branding. We ran an extended radio Campaign in 17 cities during the festive months which added to Magma's visibility and awareness.

Outdoor Branding

In order to increase our brand-recall in rurban India, we undertook the use of a cost-effective media like wall painting along highways and transport nagars. Repetitive branding at these areas and along highways strikes a chord with drivers and travelers who often use these roads for their livelihoods and help them relate with the product once they come face to face with it. We completed a total of about 4.40 lacs sq. ft wall painting in FY 2018-19 in the states of Haryana, Bihar, Jharkhand, Uttar Pradesh, West Bengal, Telengana and Maharashtra.

Public Relations

Magma continued to feature in the media throughout the year. Our business update, product launches, Business outlook was covered by the top print and electronic media channels. Interviews of Management team members, authored article, company profiling stories etc. were the highlight of the year. We also made our presence felt at large BFSI events where our management leaders shared their comments on a variety of subjects.

CSR

Magma continued to invest in the CSR programmes all through the year. Our initiatives such as Highway Heroes, M Scholar, M Care etc. grabbed attention of the society. We were recognised with as many as three awards for the exemplary work on our social commitment in FY 2018-19 from large organisation such as Indian Chamber, ACEF and UBS Forum etc.

CUSTOMER RELATIONSHIP MANAGEMENT

Magma aims to be the most trusted and accessible financial services institution, promoting financial inclusion and creating value for all its stakeholders. Customer Service is a key focus area for our Company. Our Company also believes in integrity, good governance, professionalism, transparency and client satisfaction.

In FY 2018-19 Project "Shikhar" was undertaken to transform Customer Experience and improve Quality of Customer Service. The key initiatives in this project were aligned to transform Customer Experience.

- Customer Persona Mapping done to understand Customer needs and align Service proposition.
- Improvements in key Customer Impacting Processes.

- Improved Service Capability and Quality through CRM Implementation & Contact Centre transition and Branch Token dispensing systems.
- Customized Offer for Existing Customers to enhance Cross Sell conversion and increase Customer Outreach.

We have successfully implemented Group wide CRM - Microsoft Dynamics solution for Customer Service Management and Lead Management.

CRM now provides one view of customer enabling effective analysis to improve Servicing and Cross Sell.

We have successfully transitioned Inbound and Outbound Calling process to Consolidated Contact Centre Model to achieve increased efficiency, tighter monitoring and improved quality of Contact Centre Operations.

We have strengthened Cross Sell of Mortgage products to ABF customer base and have set a base for strong Cross Sell preposition.

Algorithms have been designed taking into consideration customer track record and propensity to buy. Robust roll out of these campaigns have resulted in Magma Customer Service team clocking an all-time high Cross Sell to existing customers in March 19.

Other initiatives taken during the year include regular updates to customers over SMS in 10 Regional languages, Digitalization of key customer communications such as Welcome Letter, Insurance Policy Document & Agreement Copy, changes made in POS to enhance lead fulfilment process.

Events such as "Red Carpet Day" – the in-branch invitation for our existing ABF customers, has helped us reach out and treat our existing customers in a special manner. The focus on Customer Service desk in all branches has helped us to tap online queries of our potential customers and engage them through multiple initiatives. There are several technology & process changes undertaken to simplify the process of lead fulfilment and Servicing of Existing Customers. Project re-engineering is an ongoing exercise to proactively identify and eliminate pain points for customers.

DIRECTORS

Appointment

Your directors at its meeting held on 31 January 2019, on the recommendation of the Nomination and Remuneration Committee, had appointed Mrs. Vijayalakshmi Rajaram Iyer (DIN: 05242960) as an Additional Director in the capacity of Non-Executive Independent Director with effect from 31 January 2019.

Your Directors have recommended for the approval of the Members the appointment of Mrs. Iyer as Non-Executive Independent Director of the Company.

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

Re-appointment

Mr. Narayan K Seshadri (DIN: 00053563) will complete his present term as an Independent Director on 24 September 2019. Your Directors at its meeting held on 15 May, 2019, on the recommendation of the Nomination and Remuneration Committee, recommended for the approval of the Members, the re-appointment of Mr. Seshadri as an Independent Director of the Company for another period of five years with effect from 25 September 2019 considering his expertise, skills and knowledge, particularly in the field of finance and accounts. Further Mr. Seshadri articulates and provides his valuable guidance and inputs in all matters pertaining to the financial statements and is current with finance and business matters.

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

Requisite Notices under Section 160 of the Act have been received in respect of Mrs. Iyer and Mr. Seshadri, who have filed their consents to act as Directors of the Company, if appointed/re-appointed. Appropriate resolution seeking your approval to the aforesaid appointment/ re-appointment along with brief profile of Mrs. Iyer and Mr. Seshadri is appearing in the Notice convening the 39th AGM of your Company.

Retirement by Rotation

In accordance with the provisions of the Companies Act, 2013 and Regulation 36 of the Listing Regulations, Mr. Sanjay Chamria (DIN 00009894), retires at the ensuing AGM, and being eligible offers himself for re-appointment.

The brief resume/details relating to Director who is to be re-appointed is furnished in the Notice of the ensuing AGM.

The Board of Directors of your Company recommends the re-appointment of the Director liable to retire by rotation at the ensuing AGM.

Cessation

Mr. Nabankur Gupta who had joined the Company since 2008 ceased to be the Independent Director of the Company due to his sudden sad demise on 7 December 2018. He had joined the Company as an Independent Director on 22 October 2008. Since then he had given his unstinted support to the Company; by guiding throughout as a member of Board of Directors, Chairman of Nomination and Remuneration Committee and member of the Audit Committee of the Board. Magma has immensely benefitted from the valuable advice and guidance provided during his association with the Company. The Board of Directors recognizes and place on record his valued contribution and unstinted support to the Company ever since his joining the Company's Board of Directors in Independent capacity.

Independent Directors

The Company has received declarations pursuant to Section 149(7) of the Companies Act, 2013 from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 and in terms of Regulation 16 of Listing Regulations.

Familiarisation programme

In compliance with the requirement of Regulation 25 of Listing Regulations, the Company has put in place a familiarisation programme for the Independent Directors to familiarise them about the Company and their roles, rights, responsibilities in the Company. The details of the familiarisation programme are explained in the Corporate Governance Report. The same is also available on the website of the Company www.magma.co.in at https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/.

Performance Evaluation

The Board evaluated the effectiveness of its functioning and that of the Committees and of individual directors by seeking their inputs on various aspects of Board/Committee Governance through structured questionnaire.

The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and the fulfilment of Directors' obligations and fiduciary responsibilities, including but not limited to, active participation at the Board and Committee meetings.

The Chairman of the Board had one-on-one meetings with the Independent Directors and the Chairman of the Nomination and Remuneration Committee had one-on-one meetings with the Executive and Non-Executive Directors. Also, the Nomination and Remuneration Committee has carried out evaluation of every director's performance and reviewed the self-evaluation submitted by the respective directors. These meetings were intended to obtain Directors' inputs on effectiveness of Board/Committee processes.

The Board considered and discussed the inputs received from the Directors. Further, the Independent Directors at their meeting, reviewed the performance and role of non-independent directors and the Board as a whole and Chairman of the Company. Further, the Independent Directors at their meeting had also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

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.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of our knowledge and belief, your Directors make the following statements in terms of Section 134 (5) of the Companies Act, 2013:

a. that in the preparation of the annual accounts for the year ended 31 March 2019, the applicable Ind AS 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 2019 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.

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 five Board Meetings and five 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 Regulations.

Audit Committee

Pursuant to the sudden demise of Mr. Nabankur Gupta, the Audit Committee was reconstituted and presently comprises of Mr. Narayan K Seshadri who serves as the Chairman of the Committee and Mr. Satya Brata Ganguly and Mr. V K Viswanathan as other members. The terms of reference of the Audit Committee has been furnished in the Corporate Governance Report. All the recommendations made by the Audit Committee during the year were accepted by the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was reconstituted after demise of Mr. Nabankur Gupta and presently comprises of Mr. V K Viswanathan who serves as the Chairman of the Committee and Mr. Narayan K Seshadri and Mr. Satya Brata Ganguly as other members. The terms of reference of the Nomination and Remuneration Committee has been furnished in the Corporate Governance Report.

Stakeholders' Relationship Committee

The composition and terms of reference of the Stakeholders' Relationship Committee has been furnished in the Corporate Governance Report.

Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility 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 Annual Report on CSR activities is annexed herewith and marked as **Annexure 1**.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions with Related Parties are placed before the Audit Committee for approval. All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business, the particulars of such transactions are disclosed in the notes to the financial statements. The nature of related party transactions require disclosure in AOC-2, the same is attached with this Report.

The Policy on Related Party Transactions is available on the Company's website at its weblink i.e.https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/.

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.

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 5 years from the conclusion of the 36th AGM (for FY 2015-16) till the conclusion of the 41st AGM (for FY 2020-21).

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, adverse remark or disclaimer.

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 [Membership Firm No: 7596] to conduct the Secretarial Audit for the FY 2018-19. The Secretarial Audit Report for the financial year ended 31 March 2019 is annexed herewith and marked as **Annexure-2.** The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL STANDARDS

The Company compiles with all aplicable secretarial standards.

BUSINESS RESPONSIBILITY REPORT

As stipulated in Regulation 34 (2) (f) of the Listing Regulations, the Business Responsibility Report describing the initiatives taken by the Company from environmental, social and governance perspective forms part of this 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. In terms of regulation 34 of Listing Regulations read with Schedule V, the following forms part of this Report:

(i) Declaration regarding compliance to Code of Conduct by Board Members and Senior Management Personnel;

(ii) A certificate from a Practicing Company Secretary that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority;

(iii) Report on the Corporate Governance and

(iv) Auditors' Certificate regarding compliance of conditions of Corporate Governance.

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

Your Company does not have any activity requiring conservation of energy or technology absorption and the foreign exchange earnings and the foreign exchange outgo of the Company is furnished in note no.54 to the standalone financial statement.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 forms part of this Report and is annexed herewith and marked as **Annexure-3**.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 ('the Act') read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, 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 this Report and marked as **Annexure-4**.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 are provided in this Report and marked as **Annexure-4**.

TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Section 124 (5) of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, relevant amount 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 ₹3,33,934/- (Rupees Three lacs Thirty Three Thousand Nine Hundred Thirty Four Only) to IEPF.

Pursuant to Section 124 (6) of the Companies Act, 2013 and read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time), all the underlying shares in respect of which dividends are not claimed/paid for the last seven consecutive years or more are liable to get transferred to the IEPF DEMAT Account with a Depository Participant as identified by the IEPF Authority. Accordingly, during the year under review 1,04,368 equity shares, of face value of ₹ 2/- each, were transferred to IEPF DEMAT Account.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 2 August 2018 (date of last Annual General Meeting) and also the details of equity shares transferred to IEPF DEMAT Account on the Company's website (www.magma.co.in), as also on the Ministry of Corporate Affairs' website (www.mca.gov.in).

FRAUD REPORTING

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the Audit Committee under section 143 (12) of Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which needs to be mentioned in the Board's Report.

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.

CAUTIONARY STATEMENT

Statements in the Board's Report and 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

Narayan K Seshadri
Chairman
DIN: 00053563

Sanjay Chamria
Vice Chairman and Managing Director
DIN: 00009894

Mumbai
15 May 2019

MAGMA
Investing in the smallest dream

ANNEXURE -1 TO BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

1. A brief outline on the company's CSR policy, including an overview of projects or programs the company undertakes and a reference to the web-link to the CSR Policy:

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

Magma's key CSR initiatives are undertaken with a long-term view. Initiatives that are sustainable, have long-term benefits to the society at large and have business linkage, but which do not result in business benefits. The focus area of CSR initiatives at Magma are education, health and environment.

Web-link of the CSR Policy:
The CSR Policy adopted by the Company may be referred to, at the web-link 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 financial years
Average net profit of the Company for last three years is ₹ 18,146.07 lacs as per respective GAAP applicable in each financial year.

4. Prescribed CSR expenditure (2% of the amount as in item no. 3 above)
The Company was required to spend ₹ 362.92 lacs based on the average net profit mentioned in Para 3 above.

5. Details of CSR spent during the financial year

a. Total amount to be spent for the financial year:
The total amount to be spent by the Company during the year was ₹ 784.35 lacs which includes amount brought forward from the previous year's i.e. ₹ 421.43 lacs.

b. Amount unspent, if any:
During the year the Company has spent a sum of ₹ 292.98 lacs and the balance unspent amount of ₹ 491.37 lacs shall be carried forward for the next financial year.

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

(₹ in Lacs)

Sl. No	CSR project or activity identified	Sector in which the project is covered	Location of project (District & State)	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Highways Heroes - Trucker's Initiative	Health, Sanitation and Environment	Karimnagar & Vijaywada (Andhra Pradesh), Kanpur (Uttar Pradesh), Bhillai, (Chattisgarh), Patna (Bihar), Sangrur, Chandigarh, Patiala, Bhatinda, Moga, Mandi, Baddi, Ludhiana, Jalandhar, Amritsar, (Punjab), Hapur, Gurgaon, Rewari, & Faridabad (NCR), Karnal, Hissar (Haryana), Sankari (Tamil Nadu), Nagpur, Nashik (Maharashtra), Ranchi, Jamshedpur (Jharkhand)	175.00	176.19	772.60	Directly & through implementing agency Magma Foundation
2	Magma Green Park	Environment	Kolkata (West Bengal)	100.00	-	7.52	Directly
3	M Scholar	Education	PAN India	90.00	39.20	170.53	Directly & through implementing agency Magma Foundation

(₹ in Lacs)

Sl. No	CSR project or activity identified	Sector in which the project is covered	Location of project (District & State)	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
4	Mid Day Meal	Health and Education	Kolkata (West Bengal), Nellore (Andhra Pradesh), Thane (Maharashtra), Saraikella, (Jharkhand), Jaipur (Rajasthan), Faridabad (Haryana)	30.00	22.22	67.00	Through implementing agency ISKCON Food Relief Foundation
5	Ekal Vidyalaya	Education	West Bengal	20.00	-	23.42	Through implementing agency Friends of Tribal Society and others
6	Magma Swayam-Corporate Volunteering Program	Healthcare, Education and Environment	Deoghar, Ranchi (Jharkhand), Kolkata (West Bengal), Bhubaneshwar (Orissa), Patna (Bihar) Alwar(Rajasthan), Hyderabad (Telangana), Chennai (Tamil Nadu)	55.00	25.24	63.58	Directly & through implementing agency Magma Foundation
7	M Care - Mobile Clinic	Heath and Environment	Howrah, Hooghly (West Bengal), Tatisilwai(Jharkhand), Patna(Bihar), Hyderabad(Telangana)	30.00	16.47	26.08	Directly & through implementing agency Magma Foundation
Total Direct expenses of projects & programmes (A)				**500.00**	**279.32**	**1130.73**	
Overhead Expenses (B)					**13.66**	**44.98**	
Total (A) + (B)					**292.98**	**1175.71**	

Note: Cumulative amount spent on the projects or programmes upto current reporting period has been calculated from Financial Year 2014-15 onwards.

6. Key achievements

Magma has made sustainable finance a key pillar of its future growth. With business units active in the areas of financial inclusion by providing finance for car, commercial vehicle, construction equipment, tractor, used asset, SME loans and mortgage, Magma has created an impact among the most disadvantaged stakeholders in the society to catalyse a shared sustainable future.

Inclusive growth has always been paramount to us, which is reflected in our commitment towards socio-economic development of the under-privileged communities around us. Corporate Responsibility at Magma starts with the shared values that form the foundation of our culture: Openness and transparency, Integrity and credibility, Fairness and impartiality, Trust and respect for people and demanding excellence.

Today, our CSR involvement comprises a wide range of activities as well as strong stakeholder involvement, both of which we continuously develop. For Magma, CSR means responsible business practices, something that encompasses economic, ecological and social aspects. Key achievements are highlighted below:

- **Highways Heroes - Trucker's Initiative**

  In order to reduce truck related accidents, we launched an initiative "Highway Heroes" in March 2015 in association with Petroleum Conservation Research and Association (PCRA), Government of India, where we conducted training camps for the drivers' community. Under the program, Magma and PCRA have so far trained around 1.75 lacs Truckers over 250 locations across the country.

- **"M-Scholar" - the scholarship scheme for meritorious students'**

  Magma provided financial assistance to around 300 meritorious students from low income families across the country to meet a part of their education and related expenses while pursuing higher studies. The scholarship is applicable for the Indian students who have appeared for senior secondary board exams and who wish to pursue Undergraduate studies at a recognised college/ university in India.

  Under this scheme Magma is supporting students whose parents are daily wage earners/machine operators/household help etc. In spite of the hardships, the students have managed to enroll in eminent colleges such as St Stephens, Delhi, reputed Engineering colleges like IIT, ISM, NIT and leading medical colleges.

- **Mid Day Meal Program**

  Mid Day Meal is a strategic program, instituted by Government of India, to liberate the underprivileged children from scourge of hunger and malnutrition. ISKCON Food Relief Foundation (IFRF) is the biggest implementer of this program under the brand name

'Annamitra' in select schools in Delhi, Maharashtra, Rajasthan, Andhra Pradesh, Madhya Pradesh, Uttaranchal, Haryana, Jharkhand, Assam and West Bengal. The 'Annamrita' program is based on the belief that one meal a day brings thousands of children to schools. Magma support "Annamrita" for 5750 students at various school across the country for a period of 10 months. The idea was to provide hygienically cooked, balanced, nutritious, wholesome food for children in municipal and government aided schools in Kolkata.

- **Ekal Vidyalaya - Education - taking education to remote India**
  Magma partnered with the Friends of Tribal Society (FTS) for their Literacy Project and adopted school in rural village. Titled Ekal Vidyalaya, this is an innovative concept of One Teacher, where a single trained teacher educates children in the age group of 6-14 years for three hours every day using informal methods. The school curriculum is tailored to teach the children basic literacy and life skills to help them develop self-confidence and succeed in rural occupations and pursue higher education.

- **Magma Swayam – Corporate Volunteering Program**
  Behind the successful implementation of the CSR programs, stand the employees of Magma with their vast skills and knowledge. Magma runs Swayam, a volunteering programmes that encourages employees to be catalyst for social benefits. Magma encourages employees to contribute their time and expertise in a variety of forms to support social initiatives. Swayam run through 13 locations where the Magmaites took their time out and contributed to social good.

- **M Care - Mobile Clinic**
  The doctor patient ratio in our country is in a pitiable shape and moreover there are remote areas where there is no basic health care center in a radius of 5-7 KM. Looking at the situation Magma has decided to conduct weekly health checkup camps at various locations. Our health camps consists of qualified doctor and lab technician with basic test kits. In FY 2019 we have treated around 10000 villagers in the state of West Bengal, Telangana, Andhra Pradesh, Bihar, Rajasthan, Uttar Pradesh, Kerala, Madhya Pradesh and Jharkhand.

- **Magma Green Park**
  With a view to develop and support Environment, Magma has decided to develop a Man Made Forest to support the ecosystem balance. The forest will witness hundreds of trees which will act as a source of oxygen for the nearby people. The Forest will have medicinal plants and the overall produce is proposed to be distributed to Orphanages/ Old Age homes. The setting up of the park will require high capital expenditure. The project will come up in South Bengal and at present, the land identification is in the final stages. When developed, the park will be open to school students for their biological excursions.

CSR Delivery Arms

In terms of the Companies Act, 2013, companies are allowed to carry out their CSR activities through registered trusts and/or societies. We carry out our community centric interventions and CSR programmes through a number of CSR delivery arms including the following:

Magma Foundation is a registered Trust whose principal objective is to undertake projects/programmes on health, education and environmental sustainability.

Awards

The impact made by Magma has received its due commendation. Certain notable awards received by us for adopting best CSR practices:

- ICC Social Impact Award'2019– Best Jury Award for Environment Sustainability (Highway Heroes)
- Asian Customer Engagement Forum & Awards Social Impact Award-Best CSR Event, 2018 (M Care)
- Best CSR Impact Award for M-Care from Corporate Social Responsibility Summit & Awards 2019 (by UBS Forums)

7. The reasons for not spending the minimum allocated amount:

The Company has kept the fund aside to purchase the land and developing it into a mini forest. But due to some unavoidable circumstances we could not purchase it in FY 2018-19 and same has been deferred to FY20. The unspent CSR amount which could not be utilised by the Company fully shall be carried forward for the next financial year.

8. Responsibility Statement

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

For and on behalf of the Board

Sanjay Chamria
Vice Chairman and Managing Director
DIN: 00009894

Mayank Poddar
Chariman
CSR Committee
DIN:00009409

Mumbai
15 May 2019

ANNEXURE -2 TO BOARD'S REPORT

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Magma Fincorp Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **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.

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019, to the extent applicable, according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder;

iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;

iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investments, Foreign Direct Investments and External Commercial Borrowings;

v) The following Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by 'SEBI', to the extent applicable:

   a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015

   b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011

   c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

   d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

   e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

   f) The Securities and Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008

   g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

   h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009

   i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

vi) The following Directions, Circulars and Guidelines prescribed by the Reserve Bank of India of India, inter alia, specifically applicable to the Company:

   a) The Reserve Bank of India Act, 1934 (Chapter IIIB), Sec 45 IA

   b) Master Circular dated 1st July, 2015 on Know Your Customer (KYC) Guidelines – Anti Money Laundering Standards (AML) – Prevention of Money Laundering Act, 2002

   c) Master Circular dated 1st July, 2015 on Fair Practices Code

   d) Master Circular dated 1st July, 2015 on Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015

   e) Master Circular dated 1st July, 2015 on Miscellaneous Instructions to NBFC- ND-SI

   f) Issuance of Non-Convertible Debentures (Reserve Bank) (Amendment) Directions, 2010 read with Guidelines on Raising Money through Private

Placement by NBFCs issued on 27 June, 2013 read with RBI's Circular dated 2 July, 2013 and 20 February, 2015

g) Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

h) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

i) Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

j) Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

k) Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

l) Master Direction on IT framework for NBFC sector, 2017;

m) Master Direction on Know Your Customer (KYC), 2016

n) Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs

o) Other Circulars/ Directions/ Guidelines issued by RBI in relation to Non-Banking Financial Companies, from time to time;

We have also examined compliance with the applicable clauses of The Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We 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.

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

We further report that during the period under audit there were:

a) Allotment of 3,22,58,064 Equity Shares of face value ₹ 2 each for cash at issue price of ₹ 155 per Equity Share (including a premium of ₹ 153 per Equity Share) through Qualified Institutional Placement (QIP) under the provisions of Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended

b) Allotment of Equity Shares of ₹ 2/- each pursuant to exercise of Options under the Scheme of ESOP, namely, 'Magma Employee Stock Option Plan, 2007' as under:

   i. 15,000 nos. allotted on 8/11/2018;
   ii. 22,500 nos. allotted on 30/01/2019;

c) Confirmation Order passed by the Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT), approving the Scheme of Amalgamation of Magma ITL Finance Limited, wholly owned subsidiary, with the Company on 8th May 2018.

d) During the year under review, on receipt of call money, the Company converted partly paid 200 units of Secured Redeemable Non-Convertible Debt in the nature of Debentures of face value of ₹ 100 lacs each to fully paid up.

We further report that during the period under audit, the Company has passed the following special resolutions:

i. Issuance of debt securities pursuant to Sections 23(1)(b), 42, 71 and 180 of the Companies Act, 2013, upto an overall ceiling of ₹ 3000 crore on Private Placement basis.

ii. Continuation of directorship of Mr. Satya Brata Ganguly, Independent Director, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018.

This report is to be read with our letter of even date which is annexed as **Annexure-I** which forms an integral part of this report.

For **MKB & Associates**
Company Secretaries

Manoj Kumar Banthia
[Partner]
ACS no. 11470
COP no. 7596

Date: 07.05.2019
Place: Kolkata

Annexure- I

To
The Members,
Magma Fincorp Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes 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 processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. 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
[Partner]
ACS no. 11470
COP no. 7596

Date: 07.05.2019
Place: Kolkata

MAGMA
Investing in the smallest dream

ANNEXURE -3 TO BOARD'S REPORT

Form No. MGT- 9
Extract of Annual Return
as on the Financial Year ended on 31st March 2019
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details :

i)	CIN	:	L51504WB1978PLC031813
ii)	Registration Date	:	18th December, 1978
iii)	Name of the Company	:	Magma Fincorp Limited
iv)	Category / Sub-Category of the Company	:	Public Company – Limited by Shares
v)	Address of the Registered Office and contact details	:	"Development House", 24, Park Street Kolkata, 700 016, West Bengal, India. Telephone No. : 033-4401 7350 Facsimile No. : 033-4401 7428 e-mail : secretary@magma.co.in
vi)	Whether Listed Company	:	Yes
vii)	Name, Address and Contact details of Registrar and Share Transfer Agent, if any	:	Niche Technologies Private Limited 3A, Auckland Place, 7th Floor, Room Nos.7A & 7B, Kolkata, 700 017, West Bengal, India. Telephone Nos. : 033-2280 6616 / 6617 / 6618 Facsimile No. : 033-2280 6619 e-mail : nichetechpl@nichetechpl.com
			Karvy Fintech Private Limited (Retail Non Convertible Debentures) Karvy Selenium Tower B, Plot No. 31-32, Financial District, Nankramguda, Serilingampally, Hyderabad Rangareddi, TG 500032, India Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 Email: magmafincorp.ncd@karvy.com Website: www.karvyfintech.com

II. Principal Business Activities of the Company :
(Contributing 10% or more of the total turnover of the Company)

Sl. No.	Name and Description of main products / services	NIC Code of the Products / services	% to total turnover of the Company	
			Gross Turnover	Net Turnover
1	Financing for Tractors, Commercial Vehicle, Construction Equipment, Cars, Used Vehicles, mortgage and loans to micro, small and medium enterprises (MSME)	649	99.47	99.47

III. Particulars of Holding, Subsidiary and Associate Companies:

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held by the Company	Applicable Section
1.	Magma Housing Finance Limited "Development House", 24, Park Street Kolkata – 700 016, West Bengal	U65922WB2004PLC229849	Subsidiary	100%	2(87)
2.	Jaguar Advisory Services Private Limited "Development House", 24, Park Street Kolkata – 700 016, West Bengal.	U74140WB2009PTC136492	Joint Venture	48.89%	2(6)
3.	Magma HDI General Insurance Company Limited "Development House", 24, Park Street Kolkata – 700 016, West Bengal.	U66000WB2009PLC136327	Joint Venture	31.92%	2(6)

Note: Registered Office of the Company, Subsidiary and Joint Venture shifted to "Development House" in April, 2019.

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding :

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	-	481580	0.203	481580	-	481580	0.179	(0.024)
(b) Central Governments	-	-	-	-	-	-	-	-	-
(c) State Governments	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	65270503	-	65270503	27.537	65270503	-	65270503	24.235	(3.302)
(e) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-	**65752083**	**-**	**65752083**	**27.740**	**65752083**	**-**	**65752083**	**24.414**	**(3.326)**
(2) Foreign									
(a) NRIs - Individuals		-	-	-	-	-	-	-	-
(b) Other – Individuals		-	-	-	-	-	-	-	-
(c) Bodies Corporate		-	-	-	-	-	-	-	-
(d) Banks / Financial Institutions		-	-	-	-	-	-	-	-
(e) Any Other		-	-	-	-	-	-	-	-
Sub-total (A)(2):-		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter(A)= (A)(1)+(A)(2)	**65752083**	**-**	**65752083**	**27.740**	**65752083**	**-**	**65752083**	**24.414**	**(3.326)**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
(a) Mutual Funds	9427207	-	9427207	3.977	35375926	-	35375926	13.135	9.158
(b) Banks / Financial Institutions	63876	122360	186236	0.079	109107	122360	231467	0.086	0.007
(c) Central Governments	-	-	-	-	-	-	-	-	-
(d) State Governments	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) Foreign Institutional Investors (FII)	-	-	-	-	1085373	-	1085373	0.403	0.403
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (Specify) -									
– Qualified Foreign Investors	70495148	5	70495153	29.741	32971560	5	32971565	12.242	(17.499)
– FPI Corporate Cat-I	109270	-	109270	0.046	90638	-	90638	0.034	(0.012)
– FPI Corporate Cat-II	38217126	-	38217126	16.123	66672308	-	66672308	24.755	8.632
– FPI Corporate Cat-III	4320008	-	4320008	1.823	4414288	-	4414288	1.639	(0.184)
– Alternate Investment Funds	-	-	-	-	28487064	-	28487064	10.577	10.577
Sub-total (B)(1):-	**122632635**	**122365**	**122755000**	**51.789**	**169206264**	**122365**	**169328629**	**62.872**	**11.083**

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	
(2) Non-Institutions									
(a) Bodies Corporate									
(i) Individual	33503371	27825	33531196	14.146	15534136	26820	15560956	5.778	(8.368)
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lacs	8476904	729800	9206704	3.884	10336605	576435	10913040	4.052	0.168
ii) Individual shareholders holding nominal share capital in excess of ₹1 lacs	1772424	70000	1842424	0.777	2292286	70000	2362286	0.877	0.100
(c) Others (Specify) -									
- NRI – Repatriable	2173346	-	2173346	0.917	2124171	-	2124171	0.789	(0.128)
- NRI – Non Repatriable	1055241	165	1055406	0.445	2496814	165	2496979	0.927	0.482
- Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
- Foreign Nationals	-	-	-	-	750	-	750	0.000	0.000
- Clearing Members	430177	-	430177	0.181	398638	-	398638	0.148	(0.033)
- Trusts	-	-	-	-	-	-	-	-	-
- Foreign Bodies – D. R.	-	-	-	-	-	-	-	-	-
- IEPF Authority	282336	-	282336	0.119	386704	-	386704	0.144	0.025
Sub-total (B)(2):-	**47693799**	**827790**	**48521589**	**20.471**	**33570104**	**673420**	**34243524**	**12.715**	**(7.756)**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**170326434**	**950155**	**171276589**	**72.260**	**202776368**	**795785**	**203572153**	**75.586**	**3.326**
Grand Total (A+B)	**236078517**	**950155**	**237028672**	**100.000**	**268528451**	**795785**	**269324236**	**100.000**	**-**

(ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year (*)
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Microfirm Capital Private Limited	34015928	14.351	-	34015928	12.630	-	(1.721)
2.	Celica Developers Private Limited	29434455	12.418	-	29434455	10.929	-	(1.489)
3.	Magma Consumer Finance Private Limited[1]	1820120	0.768	-	1820120	0.676	-	(0.092)
4.	Mansi Poddar	285000	0.120	-	285000	0.106	-	(0.014)
5.	Shaili Poddar	125000	0.053	-	125000	0.046	-	(0.007)
6.	Kalpana Poddar	55080	0.023	-	55080	0.020	-	(0.003)
7.	Ashita Poddar	16500	0.007	-	16500	0.006	-	(0.001)
	Total	**65752083**	**27.740**	**-**	**65752083**	**24.414**	**-**	**(3.326)**

(*) % Changes due to other various allotment

(iii) Change in Promoters' Shareholding :

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
1.	At the beginning of the year -	65752083	27.740		
2.	Changes during the year -	No changes during the year			
3.	At the End of the year -			65752083	24.414

[1] Pursuant to Certified Copy of the NCLT Order dated 12/03/2019 Equity Shares held by Columbine Decorative & Marketing Private Limited was acquired by Magma Consumer Finance Private Limited.

(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
01.	**Zend Mauritius VC Investments Limited**				
	- At the beginning of the year -	**34276629**	**14.461**		
	- Changes during the year -				
	- 06/04/2018 – Transfer	-25000000	10.547	9276629	3.444
	- 11/05/2018 - Transfer	-9276629	3.445	-	-
	At the end of the year -			-	-
02.	**True North Fund V LLP**				
	At the beginning of the year -	**28255524**	**11.921**		
	Changes during the year -	**No changes during the year**			
	At the end of the year -			**28255524**	**10.491**
03.	**International Finance Corporation**				
	- At the beginning of the year -	**23000000**	**9.703**		
	- Changes during the year -				
	03/08/2018 - Transfer	-1071072	0.398	21928928	8.142
	10/08/2018 - Transfer	-53297	0.020	21875631	8.122
	24/08/2018 - Transfer	-1831299	0.680	20044332	7.442
	31/08/2018 - Transfer	-10999	0.004	20033333	7.438
	14/09/2018 - Transfer	-121618	0.045	19911715	7.393
	21/09/2018 - Transfer	-148083	0.055	19763632	7.338
	- At the end of the year -			**19763632**	**7.338**
04.	**Lavender Investments Limited**				
	- At the beginning of the year -	**18851431**	**7.953**		
	-Changes during the year -	**No changes during the year**			
	-At the end of the year -			**18851431**	**7.000**
05.	**Leapfrog Financial Inclusion India Holdings Limited**				
	At the beginning of the year -	**13218519**	**5.577**		
	Changes during the year -	**No changes during the year**			
	At the end of the year -			**13218519**	**4.908**
06.	**Bank Muscat India Fund**				
	At the beginning of the year -	**8754888**	**3.694**		
	Changes during the year -	**No changes during the year**			
	At the end of the year -			**8754888**	**3.251**
07.	**ICICI Prudential Banking and Financial Services Fund**				
	At the beginning of the year -	**4305897**	**1.817**		
	Changes during the year -				
	11/05/2018 - Transfer	214	0.000	4306111	1.599
	25/05/2018 - Transfer	-66	0.000	4306045	1.599
	27/07/2018 - Transfer	-66	0.000	4305979	1.599
	31/08/2018 - Transfer	211184	0.078	4517163	1.677
	14/09/2018 - Transfer	-178820	0.066	4338343	1.611
	29/09/2018 - Transfer	13	0.000	4338356	1.611
	-At the end of the year			**4338356**	**1.611**

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
08.	**KKR Mauritius Direct Investments I. Limited**				
	At the beginning of the year -	**3674831**	**1.550**		
	Changes during the year -				
	11/05/2018 - Transfer	-3674831	-1.365	-	-
	At the end of the year -				
09.	**HSBC Global Investment Funds - Asia Ex Japan Equity Smaller Companies**				
	- At the beginning of the year -	**3546108**	**1.496**		
	Changes during the year -				
	20/04/2018 - Transfer	629000	0.234	4175108	1.550
	08/06/2018 - Transfer	199179	0.074	4374287	1.624
	22/06/2018 - Transfer	407396	0.151	4781683	1.775
	30/06/2018 - Transfer	195378	0.073	4977061	1.848
	06/07/2018 - Transfer	-2444	0.001	4974617	1.847
	13/07/2018 - Transfer	-60599	0.023	4914018	1.825
	20/07/2018 - Transfer	-915281	0.340	3998737	1.485
	10/08/2018 - Transfer	-149664	0.056	3849073	1.429
	17/08/2018 - Transfer	-230655	0.086	3618418	1.344
	24/08/2018 - Transfer	-172380	0.064	3446038	1.280
	07/12/2018 - Transfer	82819	0.031	3528857	1.310
	14/12/2018 - Transfer	191024	0.071	3719881	1.381
	08/03/2019 - Transfer	-267965	0.099	3451916	1.282
	- At the end of the year			**3451916**	**1.282**
10.	**IDFC Dynamic Equity Fund**				
	At the beginning of the year -	**3167078**	**1.336**		
	Changes during the year -				
	06/04/2018 - Transfer	10000	0.004	3177078	1.180
	20/04/2018 - Transfer	7419391	2.755	10596469	3.934
	27/04/2018 - Transfer	27479	0.010	10623948	3.945
	04/05/2018 - Transfer	28530	0.011	10652478	3.955
	11/05/2018 - Transfer	50000	0.019	10702478	3.974
	18/05/2018 - Transfer	1116015	0.414	11818493	4.388
	08/06/2018 - Transfer	-20000	0.007	11798493	4.381
	15/06/2018 - Transfer	-5475	0.002	11793018	4.379
	30/06/2018 - Transfer	15475	0.006	11808493	4.384
	06/07/2018 - Transfer	10000	0.004	11818493	4.388
	13/07/2018 - Transfer	912	0.000	11819405	4.389
	20/07/2018 - Transfer	181411	0.067	12000816	4.456
	27/07/2018 - Transfer	6662	0.002	12007478	4.458
	03/08/2018 - Transfer	34000	0.013	12041478	4.471
	17/08/2018 - Transfer	-248000	0.092	11793478	4.379
	24/08/2018 - Transfer	200104	0.074	11993582	4.453
	31/08/2018 - Transfer	-22104	0.008	11971478	4.445
	12/10/2018 - Transfer	50000	0.019	12021478	4.464
	19/10/2018 - Transfer	10000	0.004	12031478	4.467
	26/10/2018 - Transfer	29933	0.011	12061411	4.478
	02/11/2018 - Transfer	50067	0.019	12111478	4.497
	09/11/2018 - Transfer	50000	0.019	12161478	4.516
	07/12/2018 - Transfer	-10000	0.004	12151478	4.512
	04/01/2019 - Transfer	10000	0.004	12161478	4.516
	25/01/2019 - Transfer	15849	0.006	12177327	4.521
	08/02/2019 - Transfer	24151	0.009	12201478	4.530
	15/02/2019 - Transfer	65645	0.024	12267123	4.555
	22/02/2019 - Transfer	355	0.000	12267478	4.555
	29/03/2019 - Transfer	166546	0.062	12434024	4.617
	- At the end of the year -			**12434024**	**4.617**

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
11.	**Amansa Holdings Private Limited**				
	At the beginning of the year -	**0**	**0.000**		
	Changes during the year -				
	20/04/2018 - Transfer	10836708	4.024	10836708	4.024
	27/04/2018 - Transfer	1611078	0.598	12447786	4.622
	04/05/2018 - Transfer	240637	0.089	12688423	4.711
	11/05/2018 - Transfer	226065	0.084	12914488	4.795
	18/05/2018 - Transfer	3275860	1.216	16190348	6.011
	20/07/2018 - Transfer	2517645	0.935	18707993	6.946
	24/08/2018 - Transfer	3000	0.001	18710993	6.947
	29/09/2018 - Transfer	1042060	0.387	19753053	7.334
	05/10/2018 - Transfer	184189	0.068	19937242	7.403
	01/03/2019 - Transfer	719000	0.267	20656242	7.670
	- At the end of the year -			**20656242**	**7.670**
12.	**Goldman Sachs India Limited**				
	At the beginning of the year -	**0**	**0.000**		
	Changes during the year -				
	20/04/2018 - Transfer	4520317	1.679	4520317	1.679
	18/05/2018 - Transfer	1987504	0.738	6507821	2.416
	- At the end of the year -			**6507821**	**2.416**
13.	**ICICI Prudential Life Insurance Company Limited**				
	At the beginning of the year -	0	0.000		
	Changes during the year -				
	20/04/2018 – Transfer	4516129	1.677	4516129	1.677
	14/09/2018 – Transfer	2600000	0.966	7116129	2.642
	07/12/2018 – Transfer	5864	0.002	7121993	2.644
	21/12/2018 – Transfer	5249	0.002	7127242	2.646
	04/01/2019 – Transfer	11352	0.004	7138594	2.651
	18/01/2019 – Transfer	4690	0.002	7143284	2.652
	- At the end of the year -			**7143284**	**2.652**
14.	**Reliance Capital Trustee Company Limited - A/c Reliance Banking Fund**				
	At the beginning of the year -	**1184135**	**0.500**		
	Changes during the year -				
	20/04/2018 - Transfer	10432383	3.874	11616518	4.313
	27/04/2018 - Transfer	369363	0.137	11985881	4.450
	04/05/2018 - Transfer	494000	0.183	12479881	4.634
	11/05/2018 - Transfer	99500	0.037	12579381	4.671
	18/05/2018 - Transfer	3815000	1.417	16394381	6.087
	17/08/2018 - Transfer	-638414	0.237	15755967	5.850
	24/08/2018 - Transfer	-551542	0.205	15204425	5.645
	- At the end of the year -			**15204425**	**5.645**

(v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Mayank Poddar, Chairman Emeritus and Whole time Director**				
	At the beginning of the year -	0	0.000		
	Changes during the year -		No changes during the year		
	At the end of the year -			0	0.000
2	**Sanjay Chamria, Vice Chairman and Managing Director**				
	At the beginning of the year -	0	0.000		
	Changes during the year -		No changes during the year		

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 end of the year -			0	0.000
3	**Narayan K Seshadri, Non Executive Independent Chairman**				
	At the beginning of the year -	0	0.000		
	Changes during the year -		No changes during the year		
	At the end of the year -			0	0.000
4	**Satya Brata Ganguly, Non Executive Independent Director**				
	At the beginning of the year -	0	0.000		
	Changes during the year -		No changes during the year		
	At the end of the year -			0	0.000
5	**Vegulaparanan Kasi Viswanathan, Non-Executive Independent Director**				
	At the beginning of the year -	1432	0.001		
	Changes during the year -		No changes during the year		
	At the end of the year -			1432	0.001
6	**Madhumita Dutta-Sen, Non-Executive Director**				
	At the beginning of the year -	0	0.000		
	Changes during the year -		No changes during the year		
	At the end of the year -			0	0.000
7	**Vijayalakshmi R Iyer, Non-Executive Independent Director**				
	At the beginning of the year -	0	0.000		
	Changes during the year -		No changes during the year		
	At the end of the year -			0	0.000
8	**Nabankur Abhay Gupta, Non-Executive Independent Director**[2]				
	At the beginning of the year -	5000	0.002		
	Changes during the year -		No changes during the year		
	At the end of the year -			5000	0.002
Key Managerial Personnel					
1	**Kailash Baheti, Chief Financial Officer**				
	At the beginning of the year -	50000	0.021		
	Changes during the year -		No changes during the year		
	At the end of the year -			50000	0.019
2	**Shabnum Zaman, Company Secretary**				
	At the beginning of the year -	0	0.000		
	Changes during the year -		No changes during the year		
	At the end of the year -			0	0.000

[2] Cessation due to death and have not received the request for transmission of the shares held by him

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	9,53,366.02	1,56,437.21	-	11,09,803.23
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	975.83	3,324.69	-	4,300.52
Total (i+ii+iii)	**9,54,341.85**	**1,59,761.90**	**-**	**11,14,103.75**
Change in Indebtedness during the financial year				
Addition	3,74,457.77	10,57,825.86		14,32,283.63
Reduction	(4,18,801.83)	(9,48,075.28)		(13,66,877.11)
Net Change	**(44,344.06)**	**1,09,750.58**		**65,406.52**
Indebtedness at the end of the financial year				
i) Principal Amount	9,08,075.45	2,66,895.46	-	11,74,970.91
ii) Interest due but not paid	966.85	93.43	-	1,060.28
iii) Interest accrued but not due	955.49	2,523.59	-	3,479.08
Total (i+ii+iii)	**9,09,997.79**	**2,69,512.48**	**-**	**11,79,510.27**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		
		Mayank Poddar Chairman Emeritus-WTD	Sanjay Chamria Vice Chairman & Managing Director	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	67.20	89.60	156.80
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.40	7.86	8.26
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	89.51	111.88	201.39
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	-	270.00	270.00
5	Others- (Contribution to Provident Fund and Contribution to Gratuity)	11.29	15.06	26.35
	Total Amount (A)	**168.40**	**494.40**	**662.80**
	Ceiling as per the Act	₹ 4,024.64 lacs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

B. Remuneration to the other Directors:

(₹ in Lacs)

Sl. No.	Directors	Particulars of Remuneration			
		Fee for attending Board / Committee Meetings	Commission	Others, please specify	Total Amount
1	**Independent Directors -**				
	Narayan Keelveedhi Seshadri	20.10	65.00	-	85.10
	Nabankur Abhay Gupta	8.00	22.50	-	30.50
	Satya Brata Ganguly	14.40	45.00	-	59.40
	Vegulaparanan Kasi Viswanathan	21.00	45.00	-	66.00
	Vijayalakshmi R. Iyer	-	-	-	
	Total Amount (B)(1)	63.50	177.50	-	241.00
2	**Other Non-Executive Directors –**			-	
	Madhumita Dutta-Sen	4.00			4.00
	Total Amount (B)(2)	4.00	-	-	4.00
	Total Amount (B) = (B)(1) + (B)(2)	67.50	177.50	-	245.00
	Overall Ceiling as per Act	₹ 402.46 lacs (being 1 % of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			
	Total Managerial Remuneration (A+B)				**907.80**
	Overall Ceiling as per the Act	₹ 4,427.10 lacs (being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Kailash Baheti (Chief Financial Officer)	Shabnum Zaman (Company Secretary)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	132.76	14.28	147.04
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.40	-	0.40
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	72.63	10.87	83.50
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	-	-	-
5	Others (Contribution to Provident Fund, Contribution to Gratuity, Contribution to NPS, Ex-gratia and Annual Performance Bonus)	15.79	1.80	17.59
	Total Amount (A)	**221.58**	**26.95**	**248.53**

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					

ANNEXURE -4 TO BOARD'S REPORT

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 AND COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during FY 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2018-19 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for FY 2018-19 (₹ in lacs)	% increase in Remuneration in FY 2018-19	Ratio of remuneration of each Director/ to median remuneration of employees
1	Mayank Poddar Chairman Emeritus and Whole time Director	168.40	12.00%	48.49
2	Sanjay Chamria Vice Chairman and Managing Director	494.40	14.88%	142.58
3	Narayan K Seshadri Non-Executive Independent Chairman	85.10	3.40%	24.56
4	Nabankur Gupta[1] Non-Executive Independent Director	30.50	-50.16%	8.80
5	Satya Brata Ganguly Non-Executive Independent Director	59.40	-7.48%	17.14
6	V K Viswanathan Non-Executive Independent Director	66.00	2.80%	19.05
7	Madhumita Dutta-Sen Non-Executive Director	4.00	99.28%	1.15
8	Vijayalakshmi Rajaram Iyer[2] Non-Executive Independent Director	-	-	-
9	Sanjay Nayar[3] Non-Executive Director	-	-	-
10	Kailash Baheti Chief Financial Officer	221.58	6.55%	67.65
11	Shabnum Zaman Company Secretary	26.95	12.00%	7.18

[1] Demised on 7 December 2018

[2] Appointed as Director w.e.f 31 January 2019

[3] Resigned w.e.f 19 April 2018

Note: For Independent Directors, remuneration is based on actuals and for others the remuneration has been taken based on annual remuneration, for calculating the variance with median.

ii) The median remuneration of employees of the Company during the financial year was ₹ 3.46 lacs.

iii) In the financial year, there was an increase of 4.1% in the median remuneration of employees.

iv) There were 6,653 permanent employees on the rolls of Company as on 31 March 2019.

v) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2018-19 was 6.44% whereas the increase in the managerial remuneration for the same financial year was 9.33%.

vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

For and on behalf of the Board

Narayan K. Seshadri
Chairman
DIN: 00053563

Date: 15 May 2019
Mumbai

PARTICULARS OF EMPLOYEES

INFORMATION AS PER 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 AND COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016 REFERRED TO IN THE BOARD'S REPORT FOR THE YEAR ENDED MARCH 31, 2019 AND FORMING PART THEREOF

1. Top ten employees of the Company in terms of the remuneration drawn

Name	Age (in years)	Qualification	Designation	Date of commencement of employment	Experience (years)	Remuneration (₹ In lacs)	Particulars of last employment, last post, employer
MAYANK PODDAR	65	B.Com	Chairman Emeritus and Whole time Director	01-Jul-96	44	168.40	Calcutta Credit Corporation Ltd (erstwhile)-Managing Director
SANJAY CHAMRIA	54	FCA	Vice Chairman & Managing Director	01-Jan-92	34	494.40	Magma Leasing Ltd (erstwhile)-Chief Executive
SANJIV JHA	50	B.com, CA (INTER)	National Business Head- ABF	07-Jun-00	33	97.71	Spantek Polymers Pvt Ltd- Accounts Manager
MAHENDER BAGRODIA	48	B Com , ACA	Chief Credit Officer- ABF	09-Oct-00	26	143.78	Tijaya Enterprises Ltd - General Manager
KAILASH BAHETI	55	B. Com (Hons), FCA, ACS, ACMA	Chief Financial Officer	18-Oct-11	34	221.58	Century Extrusion Ltd - CEO & CFO
JASHOBRATA BOSE	41	B Tech, PGDM XLRI Jamshedpur	Chief - Corporate Initiatives	06-May-16	18	108.48	Sanofi India Limited-Director-Strategy
KAUSHIK BANERJEE	56	B Com Sydenham, MBA AIMM Philippines	President & CEO - ABF	11-Nov-16	27	232.59	Cholamandalam Investment and Finance Company Limited-President Strategy & Corporate Affairs
CHIRAG JAIN	48	IIT Delhi, IIM Ahmedabad	Chief Operating Officer	07-Feb-17	24	184.64	Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited-Chief Operating Officer
DEEPAK PATKAR	46	B.E.(Electrical) , Master in Management Studies	Chief Risk Officer	04-Sep-18	25	128.61	Fullerton India Credit Co, EVP & Group Chief Risk Officer
AKSHAY DHANAK	42	B.E. (Computer Engg), Global CIO, Sandler's Sales Methodolgy (Oracle)	Head Information Technology	01-Nov-17	22	101.75	HDFC Standard Life Insurance Co. Ltd- VP-Business Systems and Technology

2. Employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per annum.

Name	Age (in years)	Qualification	Designation	Date of commencement of employment	Experience (years)	Remuneration (₹ In lacs)	Particulars of last employment, last post, employer
MAYANK PODDAR	65	B.Com	Chairman Emeritus and Whole time Director	01-Jul-96	44	168.40	Calcutta Credit Corporation Ltd (erstwhile)-Managing Director
SANJAY CHAMRIA	54	FCA	Vice Chairman & Managing Director	01-Jan-92	34	494.40	Magma Leasing Ltd (erstwhile)-Chief Executive
MAHENDER BAGRODIA	48	B Com , ACA	Chief Credit Officer- ABF	09-Oct-00	26	143.78	Tijaya Enterprises Ltd - General Manager
KAILASH BAHETI	55	B. Com (Hons), FCA, ACS, ACMA	Chief Financial Officer	18-Oct-11	34	221.58	Century Extrusion Ltd - CEO & CFO
KAUSHIK BANERJEE	56	B Com Sydenham, MBA AIMM Philippines	President & CEO - ABF	11-Nov-16	27	232.59	Cholamandalam Investment and Finance Company Limited-President Strategy & Corporate Affairs
CHIRAG JAIN	48	IIT Delhi, IIM Ahmedabad	Chief Operating Officer	07-Feb-17	24	184.64	Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited-Chief Operating Officer

3. Employed for part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- or more per month.

Name	Age (in years)	Qualification	Designation	Date of commencement of employment	Experience (years)	Remuneration (₹ In lacs)	Particulars of last employment, last post, employer
JASHOBRATA BOSE	41	B Tech, PGDM XLRI Jamshedpur	Chief - Corporate Initiatives	06-May-16	18	108.48	Sanofi India Limited-Director-Strategy
DEBRAJ SINHA	45	MPM Symbiosis	Chief People Officer	01-Nov-16	20	76.85	Max Bupa Health Insurance Company Limited-Chief Human Resource Officer
DEEPAK PATKAR	46	B.E.(Electrical) , Master in Management Studies	Chief Risk Officer	04-Sep-18	25	128.61	Fullerton India Credit Co, EVP & Group CRO
RAJNEESH MISHRA	46	LLB, Masters in Personnel Management & Industrial Relations	Chief People Officer	10-Jan-19	21	25.96	Bajaj Finserv Limited, Vice President- Human Resources

Notes:

1. Gross remuneration comprises salary, leave travel concession, house rent allowance, 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.
2. All appointments were made in accordance with the terms and conditions as per Company Rules.
3. 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.
4. None of the above employee is related to any Director of the Company

For and on behalf of the Board

Narayan K. Seshadri
Chairman
DIN: 00053563

Mumbai
15 May 2019

ANNEXURE -5 TO BOARD'S REPORT

Dividend Distribution Policy

A. PURPOSE AND OBJECTIVES

The Securities and Exchange Board of India ("SEBI") vide its Notification dated July 08, 2016 has amended the Listing Regulations by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies based on their market capitalization calculated as on the 31st day of March of every year. Considering the provisions of the aforesaid Regulation 43A, the Board of Directors (the "Board") of the Company recognizes the need to lay down a broad framework with regard to distribution of dividend to the shareholders and/ or retaining its profits. The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or retention of profits in the interest of shareholders.

The Policy reflects the intent of the Company to reward the shareholders by sharing a portion of its profits after retaining sufficient funds for the Company's growth, to meet its long term objectives & other purposes. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, progressive dividend, which shall be consistent with the performance of the Company over the years and also comparable with the peers in industry.

B. CONSIDERATIONS RELEVANT FOR DECISION OF DIVIDEND PAYOUT

The Board shall consider the following, while taking decisions of a dividend payout during a particular year:-

Statutory requirements

The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve other Statutory Reserve as may be required by the Companies Act, 2013 or other Statutory Authorities, which may be applicable to the Company at the time of taking decision with regard to dividend declaration.

Agreements with lending institutions/ debenture trustees

The decision of dividend payout shall also be affected by the restrictions and covenants contained, if any, in the agreements as may be entered into with the lenders of the Company from time to time.

Prudential requirements

The Company shall analyse the strategic decisions in order to decide:

- to augment long term growth;
- to build a pool of internally generated funds to provide long-term resources as well as resource-raising potential for the Company; and
- the need for capital conservation and appreciation.

Proposals for major capital expenditures etc.

In addition to ploughing back of earnings on account of depreciation, the Board may also take into consideration the need for replacement of capital assets, expansion, modernization and automation or augmentation of capital stock, including any major capital expenditure proposals.

Extent of realized profits calculated as per the applicable Accounting Standard

The extent of realized profits out of its profits calculated as per applicable Accounting Standards during the respective financial years including IND AS as and when applicable, affects the Board's decision of determination of dividend for a particular year. The Board is required to consider such factors before taking any dividend or retention decision.

Expectations of major stakeholders, including small shareholders

The Board, while considering the decision of dividend payout or retention of a certain amount or entire profits of the Company, shall, as far as possible, consider the expectations of the major stakeholders including the retail shareholders of the Company who generally expects for a regular dividend payout.

Dividend payout of previous years

The percentage of dividend payout of the last 5 years should be considered for determining dividend payout for the current year.

Other Financial Parameters

In addition to the aforesaid parameters such as realized profits and proposed major capital expenditures, the decision of dividend payout or retention of profits shall also be based on the following-

Operating cash flow of the Company

If the Company cannot generate adequate operating cash flow, it may need to rely on outside funding to meet its financial obligations and sometimes to run the day-to-day operations. The Board will consider the same before its decision whether to declare dividend or retain its profits.

Capital Risk-weighted Assets Ratio (CRAR)

Magma being an NBFC is required to maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. Accordingly, the expected CRAR shall be taken into consideration while declaring dividend so that it does not breach the prescribed limit.

Return on Capital

The efficiency with which the Company uses its capital will impact the decision of dividend declaration.

Magnitude of earnings of the Company

Since dividend is directly linked with the availability of earning over the long haul, the magnitude of earnings will significantly impact the dividend declaration decisions of the Company.

Cost of borrowings

The Board will analyze the requirement of necessary funds considering the long term or short term plans proposed to be undertaken by the Company and the viability of the options in terms of cost of raising necessary funds from outsiders such as bankers, lending institutions or by issuance of debt securities or plough back its own funds.

Obligations to creditors

The Company should be able to repay its debt obligations without much difficulty over a reasonable period of time. Considering the volume of such obligations and time period of repayment, the decision of dividend declaration shall be taken.

Inadequacy of profits

If during any financial year, the Board determines that the profits of the Company are inadequate, the Board may decide not to declare dividends for that financial year.

C. FACTORS THAT MAY AFFECT DIVIDEND PAYOUT

External Factors

Taxation and other regulatory concern

- Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of declaration of dividend.
- Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.

Macroeconomic conditions

Considering the state of economy in the Country, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the international market which may have a bearing on or affect the business of the Company, the management may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.

Internal Factors

Product/ market expansion plan

The Company's growth oriented decision to conserve cash in the Company for future expansion plan impacts shareholders expectation for the long run which shall have to consider by the Board before taking dividend decision.

Past performance of the Company

The trend of the performance of the Company during the past years determines the expectation of the shareholders.

Working capital management in the Company

The current working capital management system within the Company also impacts the decision of dividend declaration.

D. CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED

The Board shall consider the factors as provided above, before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

E. DIVIDEND PAYOUT

The Company stands committed to deliver sustainable value to all its stakeholders. As explained in the earlier part of this Policy, determining the dividend payout is dependent upon several factors, both internal to a business and external to it. The Board shall maintain a total dividend pay-out ratio in the range of 10% to 20% of the annual standalone PAT of the Company.

F. MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market and Product expansion plan;
- Automation and Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Where the cost of debt is expensive;
- Other such criteria as the Board may deem fit from time to time.

G. PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

i) The holders of the equity shares of the Company, as on the record date, are entitled to receive dividends. Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share.

ii) The Policy shall not apply to determination and declaration of dividend on preference shares as the same will be governed as per the terms of issue approved by the Board and the shareholders of the Company.

iii) The Policy shall be suitably amended at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

H. DISCLOSURES

This Policy shall be disclosed in the annual report and on the website of the Company. If the Company proposes to declare dividend in addition to the parameters mentioned in this Policy or proposes to change such additional parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

I. AMENDMENT

To the extent any change/amendment is required in terms of any applicable law, the Vice Chairman and Managing Director of the Company shall be authorised to review the Policy and recommend any changes to the Board for its approval.

FORM NO. AOC - 2

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

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

1. **Details of contracts or arrangements or transactions not at arm's length basis -**
   There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2019, which were not at arm's length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis -**
   The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31st March, 2019, are as follows:

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements/ transactions	Transaction Value (Rs. In Lacs)	Duration of contracts/ arrangements/ transaction	Salient terms of the contracts/ arrangements/ transactions	Date(s) of approval by the Board	Amount paid as advances (Rs. in Lacs)
Magma Housing Finance Limited, wholly owned subsidiary	Direct Assignment of Standard Assets Loan against property (LAP) portfolio	22802.95	27 February 2019 to 30 March 2019	Related Party Transaction entered during the period was in the ordinary course of business and on arm's length basis.	27 February 2019	Nil

For and on behalf of the Board

Narayan K Seshadri
Chairman
DIN: 00053563

Sanjay Chamria
Vice Chairman & Managing Director
DIN: 00009894

Mumbai
15 May 2019

BOARD'S REPORT 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 ('BOARD')

2.1 Composition and category

The Company has a judicious mix of Executive, Non-Executive and Independent Non-Executive Directors on its Board. There are 7 Directors on the Board, with 2 Executive Directors, 2 Non-Executive Woman Directors which includes one independent woman director and 3 Independent Non-Executive Directors. The Chairman is an Independent Non-Executive Director and more than one-half of the Board consists of Independent Directors. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 (hereinafter referred to as 'the Act') and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (hereinafter referred to as 'Listing Regulations').

None of the Directors are director in more than 8 Listed entities and serve as an Independent Director in more than 7 Listed entities. None of the Directors are directors 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 as on 31 March 2019 is as under:

Category	Name of Directors
Promoter and Executive Directors	Mr. Mayank Poddar
	Mr. Sanjay Chamria
Non-Executive Director	Ms. Madhumita Dutta-Sen
Independent Directors	Mr. Narayan K Seshadri (Chairman)
	Mr. Satya Brata Ganguly
	Mr. V K Viswanathan
	Mrs. Vijayalakshmi Rajaram Iyer

All the Directors possess requisite qualifications and experience in general corporate management, risk management, banking, finance, economics, marketing, digitisation, analytics and other allied fields which enable them to contribute effectively to your Company by providing valuable guidance and expert advice to the Management and enhance the quality of Board's decision making process. Detailed profile of the Directors is available on the Company's website at the web-link: https://magma.co.in/about-us/people/board-of-directors/.

The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. In the opinion of the Board, all the existing Independent Directors as well as those who are proposed to be appointed/re-appointed as such at the ensuing Annual General Meeting (AGM) of the Company, fulfill the conditions specified in SEBI Listing Regulations and are independent of the management.

A letter of appointment encompassing the terms and conditions of appointment, roles, duties and liabilities have been issued to the Independent Directors. The main terms of appointment can be accessed at: https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/.

2.2 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 the year Magma's Board met 5 times on 09 May 2018, 02 August 2018, 20 August 2018, 02 November 2018 and 31 January 2019. The maximum interval between any two consecutive meetings were not more than 120 days. Agenda, Notes on the agenda and other pre-read materials 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. A soft copy of the Board/Committee Meeting agenda is also hosted on the Board portal to provide web-based solution that functions as a document repository. Video/tele-conferencing facilities are used to facilitate Directors present at other locations, to participate in the meetings.

The Company has a well-established framework for the Meetings of the Board and its Committees which seeks to systematise the decision-making process at the Board and Committee meetings in an informed and efficient manner.

The status of attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) held on 2 August 2018 and the number of Companies and Committees where each of them is a Director / Member / Chairman as on 31 March 2019 is given below:

Name of Director	Category	Materially significant, pecuniary or business relationship with the Company	Number of shares and convertible instruments held in the Company	F.Y 2018-19 Attendance at		No. of Directorships in other Companies incorporated in India(*)	Outside Committee Positions Held (**)		Names of the other listed entities where the director is a director and the category of directorship
				Board Meeting	Last AGM held on 02.08.2018		Chairman	Member	
Mr. Mayank Poddar	Promoter, Executive	Chairman Emeritus and Whole time Director	Nil	5/5	Yes	7	-	-	Magma Housing Finance Limited- Non-Executive Director
Mr. Sanjay Chamria	Promoter, Executive	Vice Chairman and Managing Director	Nil	5/5	Yes	8	1	2	Magma Housing Finance Limited- Non-Executive Director
Mr. Narayan K Seshadri	Independent, Non-executive	Chairman	Nil	5/5	Yes	16	3	5	1. PI Industries Limited-Chairman, Non Executive 2. AstraZeneca Pharma India Limited- Chairman, Non Executive 3. Wabco India Limited-Independent Director 4. TVS Electronics Limited-Non Independent Director 5. Kalpataru Power Transmission Limited-Independent Director 6. CG Power and Industrial Solutions Limited-Independent Director (Additional)
Mr. Nabankur Gupta[1]	Independent, Non-executive	-	5,000	3/4	Yes	N.A.	N.A.	N.A.	N.A.
Mr. Satya Brata Ganguly	Independent, Non-executive	-	Nil	4/5	Yes	5	2	5	1. Emami Limited-Independent Director 2. Magma Housing Finance Limited-Independent Director
Mr. Sanjay Omprakash Nayar[2]	Non-executive	Nominee – Zend Mauritius VC Investments, Ltd	Nil	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. V K Viswanathan	Independent, Non-executive	-	1,432	4/5	Yes	8	5	9	1. Bosch Limited– Director/Chairman 2. Bharti Airtel Limited-Independent Director 3. HDFC Standard Life Insurance Company Limited-Independent Director 4. KSB Limited-Independent Director 5. United Spirits Limited-Independent Director
Ms. Madhumita Dutta-Sen	Non-Executive Director	Nominee – International Finance Corporation	Nil	4/5	Yes	-	-	-	NIL

Name of Director	Category	Materially significant, pecuniary or business relationship with the Company	Number of shares and convertible instruments held in the Company	F.Y 2018-19 Attendance at		No. of Directorships in other Companies incorporated in India(*)	Outside Committee Positions Held (**)		Names of the other listed entities where the director is a director and the category of directorship
				Board Meeting	Last AGM held on 02.08.2018		Chairman	Member	
Mrs. Vijayalakshmi Rajaram Iyer[3]	Additional Director in the capacity of Independent, Non-executive	-	Nil	N.A.	N.A.	9	4	7	1. Arihant Super Structures Limited-Independent Director 2. Aditya Birla Capital Limited-Independent Director 3. ICICI Securities Limited-Independent Director 4. Religare Enterprises Limited-Independent Director 5. Indiabulls Ventures Limited-Independent Director

[1] Mr. Nabankar Gupta ceased to be the Director of the Company w.e.f. 07 December 2018 due to his demise.

[2] Mr. Sanjay Omprakash Nayar, Non-Executive Director resigned w.e.f. 19 April 2018.

[3]Ms. Vijayalakshmi Rajaram Iyer was appointed as an additional director in the capacity of Independent Non-Executive Director w.e.f 31 January 2019.

*Excludes Directorships held in Foreign Companies and Section 8 Companies of the Act.

**Includes only Audit Committee and Stakeholders' Relationship Committee in all Indian public limited companies as per Regulation 26 of Listing Regulations.

Skills/Expertise/Competence of the Board of Directors

List of core skills / expertise / competencies required by the Board (identified by the Board) for efficient functioning of the Company in the present business environment and those skills/expertise/competence actually available with the Board are as follows:-

S.N	Skills / Expertise / Competencies required by the Board of Directors		Status of availability with the Board
1	**Understanding of Business/Industry**	Experience and knowledge of NBFCs and Banks	Yes
2	**Strategy and strategic planning**	Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the Company's policies and priorities.	Yes
3	**Critical and innovative thoughts**	The ability to critically analyse the information and develop innovative approaches and solutions to the problems.	Yes
4	**Financial Understanding**	Ability to analyse and understand the key financial statements, assess financial viability of the projects and efficient use of resources.	Yes
5	**Market Understanding**	Understanding of Market.	Yes
6	**Risk and compliance oversight**	Ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance, and monitor risk and compliance management frameworks.	Yes

2.3 Pecuniary relationship or transactions

There were no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company during the year other than receipt of sitting fees for the meetings of Board and its Committees, commission and their shareholding, if any, in the Company. None of the Directors are related to any other Directors on the Board.

2.4 Selection of New Directors and Board Membership Criteria

The Nomination and Remuneration Committee works with the Board to determine the appropriate qualifications, positive attributes, characteristics, skills and experience required for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business. The Policy for appointment and removal of Directors and determining Directors' independence forms part of the Remuneration Policy of the Company and is available on our website i.e. https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/.

2.5 Remuneration of Directors

a. **Executive Directors:** Remuneration payable to the Executive Directors are in line with the Act, Listing Regulations and Remuneration Policy for remunerating Directors/KMPs. Remuneration of Executive Director includes salary, perquisites, allowances, retirals viz. superannuation including gratuity and provident fund (fixed component) and commission (variable component). The remuneration to the Vice-Chairman & Managing Director and Executive Director is determined by the Nomination and Remuneration Committee which is subsequently approved by the Board of Directors as per the authority given by the shareholders at the General Meeting.

b. **Non-Executive Directors:** Remuneration to Non-Executive Directors is paid by the way of Sitting Fee for attending the meetings of the Board / Committee. In addition, Independent Directors are paid Commission based on the profits of the Company not exceeding 1% of the net profit calculated in accordance with Sections 198 of the Companies Act, 2013.

The details of the remuneration paid to the Directors for the Financial Year ended 31 March 2019 is as follows:-

(₹ In Lacs)

Sl No.	Directors	*Salary and allowances	*Perquisites	Sitting fees	Commission	Total
1.	Mr. Mayank Poddar	168.00	0.40	-	-	168.40
2.	Mr. Sanjay Chamria	216.54	7.86	-	270.00	494.40
3.	Mr. Narayan K Seshadri	-	-	20.10	65.00	85.10
4.	Mr. Nabankur Gupta[4]	-	-	8.00	22.50	30.50
5.	Mr. Satya Brata Ganguly	-	-	14.40	45.00	59.40
6.	Mr. V K Viswanathan	-	-	21.00	45.00	66.00
7.	Ms. Madhumita Dutta-Sen	-	-	4.00	-	4.00
8.	Mrs. Vijayalakshmi Rajaram Iyer	-	-	-	-	-
	Total	**384.54**	**8.26**	**67.50**	**447.50**	**907.80**

[4] Commision recommended on pro rata basis for his tenure as the Director of the Company

* Details of allowances/perquisites are provided in MGT-9 forming part of the Board's Report

1. Service Contract for Executive Directors is for 5 years.
2. Notice period and severance fees for Executive Directors is as per the Company's rules.
3. None of the Directors hold stock options as on 31 March 2019.

2.6 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 this Report, as Annexure - D. The said Code may be referred to, at the website of the Company i.e. www.magma.co.in.

Further, pursuant to Listing Regulations, Senior Management of the Company have affirmed that they have not entered into any material, financial and commercial transactions during the year in which they had personal interest, that may have potential conflict of interest with the Company.

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

The following information is regularly placed before the Board:

1. Annual operating plans of business and budgets and any updates thereof;
2. Capital budgets and any updates;
3. Quarterly results for the Company and its operating divisions or business segments;
4. Minutes of meetings of the Audit Committee and other Committees of the Board of Directors;
5. 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;
6. Show cause, demand, prosecution notices and penalty notices, which are materially important;
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
8. Any material default in financial obligations to and by the listed entity;
9. Details of any joint venture or collaboration agreement;
10. Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business;
11. 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;
12. Minutes and Financial Results of the Subsidiary Company: M/s. Magma Housing Finance Limited and Financial Results of Joint Venture Companies: M/s. Magma HDI General Insurance Company Limited and M/s. Jaguar Advisory Services Private Limited.

3. COMMITTEES

As on 31 March 2019, Magma has nine Committees of the Board: -

1. Audit Committee;
2. Stakeholders Relationship Committee;
3. Nomination and Remuneration Committee;
4. Management Committee;
5. Corporate Social Responsibility Committee;
6. Risk Management Committee;
7. Asset Liability Management Committee;
8. Review Committee; and
9. IT Strategy Committee

All decisions pertaining to the constitution of Committees and appointment of members are taken by the Board of Directors.

The terms of reference or charter of the aforesaid Committees is decided by the Board. Signed minutes of the Committee meetings are placed before the Board for noting. The role and composition including the number of meetings and related attendance are given below. The Board has duly accepted any recommendation of any committee of the Board which is mandatorily required, in the current financial year.

3.1 Audit Committee

3.1.1. Terms of reference

The terms of reference of the Audit Committee is in accordance with the provisions of Section 177 of the Act, RBI Guidelines and Listing Regulations.

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

- 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;
- Recommend the appointment, replacement or removal, remuneration and terms of appointment of auditors of the Company;
- Approve rendering of services by the statutory auditors other than those expressly barred under Section 144 of Act and remuneration for the same;
- Reviewing, with the management, the annual financial statements and auditor's report thereon and the CEO & CFO Certificate as per Regulation 17(8) of Listing Regulations before submission to the Board for approval, with particular reference to:
  - o Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134 (3)(c) of the Act;
  - o Changes, if any, in accounting policies and practices and reasons for the same;
  - o Major accounting entries involving estimates based on the exercise of judgment by management;
  - o Significant adjustments made in the financial statements arising out of audit findings;
  - o Compliance with listing and other legal requirements relating to financial statements;
  - o Disclosure of any related party transactions; and
  - o Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial results before submission to the Board for approval and secure the Certificate from CFO in terms of Regulation 33 (2) (a) of Listing Regulations;
- 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 utilized 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;
- Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
- 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;
- Discussion with Internal Auditors and the Management of any significant findings, status of previous audit recommendations and follow up there on;
- 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;
- 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;
- 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;
- Review management letters/letters of internal control weakness issued by the statutory auditors;
- Review the Internal Audit Report relating to internal control weakness;
- Review the functioning of the Whistle Blower/Vigil Mechanism;
- Approval of appointment of CFO (i.e., the whole-time 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
- Review management discussion and analysis of financial condition and results of operations;
- Review statement of significant related party transactions submitted by management;

- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Scrutinise inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Approve and recommend to the Board the transactions of the Company with related parties or any subsequent modification thereof;
- Appoint registered valuers;
- Review the Company's compliance with employee benefit plans;
- Oversee and review the Company's policies regarding Information Technology and Management Information Systems;
- Review, approve and monitor the Code of Ethics that the Company plans for its senior financial officers/Directors;
- Review the compliance of the Fair Practices Code and the functioning of the customer grievances redressal mechanism so as to comply with the guidelines and circular issued by the Reserve Bank of India for Non Banking Financial Companies in this regard
- Any other matter as delegated by the Board of Directors of the Company from time to time.

3.1.2 Composition and Attendance

The Audit Committee met 5 times during the year under review i.e. on 08 May 2018, 01 August 2018, 20 August 2018, 01 November 2018 and 30 January 2019. The composition and attendance details of the members of the Audit Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings
1.	Mr. Narayan K Seshadri	Independent, Non-Executive	4
2.	Mr. Satya Brata Ganguly	Independent, Non-Executive	5
3.	Mr. Nabankur Gupta[5]	Independent, Non-Executive	3
4.	Mr. V K Viswanathan	Independent, Non-Executive	5
5.	Mr. Sanjay Nayar[6]	Non-Executive	0

[5] Ceased to be a member w.e.f 07 December 2018
[6] Ceased to be a member w.e.f 19 April 2018

Mr. Narayan K Seshadri is the Chairman of the Committee and was present at the last Annual General Meeting held on 2 August 2018.

The Audit Committee was re-constituted by the Board of Directors at their meeting held on 08 May 2018 wherein Mr. Sanjay Nayar ceased to be a member of the Committee pursuant to his resignation from the Company w.e.f 19 April 2018. The Audit Committee was again re-constituted by a resolution passed by circulation by the Board of Directors on 11 January 2019 wherein Mr. Nabankar Gupta ceased to be a member of the Committee pursuant to his demise.

Ms. Shabnum Zaman, Company Secretary, acts as the Secretary to this Committee.

All members of the Audit Committee are financially literate and have accounting and related financial management expertise.

3.2 Stakeholders Relationship Committee

3.2.1 Terms of reference

The Board of Directors has amended the terms of reference of Stakeholders Relationship Committee pursuant to amendment in the Listing Regulations. Some of the important terms of reference of the Committee are as follows:

- Redress and resolve the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates or allotment letters, general meetings etc;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;
- Monitor the compliance of Code of prevention of insider trading framed by the Company;
- Effect dematerialisation and rematerialisation of shares of the Company;
- 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.

3.2.2 Composition and Attendance

The Stakeholders Relationship Committee met 5 times during the year on 06 July 2018, 24 October 2018, 01 November 2018, 30 January 2019 and 12 March 2019 to discharge its functions. The composition and attendance details of the members of the Stakeholders Relationship Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings attended
1.	Mr. Satya Brata Ganguly	Independent, Non-Executive	5
2.	Mr. Mayank Poddar	Promoter, Executive	5
3.	Mr. Sanjay Chamria	Promoter, Executive	4

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

M/s. Niche Technologies Private Limited, 3A, Auckland Place, 7th Floor, Room No. 7A & 7B, Kolkata – 700

017, are the Registrar and Share Transfer Agent both for physical as well as electronic mode. Ms. Shabnum Zaman, Company Secretary, acts as the Compliance Officer and the Board has appointed Ms. Zaman as the Nodal Officer for the purpose of IEPF Regulations, the details of which is available at the weblink: https://magma.co.in/about-us/investor-relations/secretarial-documents/information-for-shareholders/.

The table below gives the number of complaints received and resolved during the financial year and pending as on 31 March 2019:-

Number of Complaints		
Received	Resolved	Pending
4	4	Nil

3.3 Nomination and Remuneration Committee

3.3.1 Terms of reference

The Board of Directors has adopted a Charter of Nomination and Remuneration Committee. Some of the important clauses of the Charter of the Committee are as follows:-

Review of matters by the Committee

1. Carry out evaluation of performance of all the directors of the Company;
2. Review overall compensation philosophy and framework of the Company;
3. Review outcome of the annual performance appraisal of the employees of the Company;
4. Conduct annual review of the Committee's performance and effectiveness at the Board level;
5. Examine and ensure 'fit and proper' status of the directors of the Company.

Approval of matters by the Committee

1. Formulate criteria for:
   a. determining qualifications, positive attributes and independence of a director;
   b. evaluation of independent directors and the Board;
2. Based on the Remuneration Policy of the Company, determine remuneration packages for the following:
   a. Approve framework and broad policy in respect of all employees for increments;
3. ESOPs and RSO: approve grant and allotment of shares to the eligible employees of the Company and its subsidiaries under the shareholders approved ESOP and RSO Schemes and authorize any official of the Company to offer ESOPs and RSO to the new joinees in the Company in accordance with the authority matrix approved by the Committee from time to time;
4. Review and approve succession plans for Senior Management (all the Direct Reportees to the Vice Chairman & Managing Director i.e. Excom members of the Company);
5. Approval of the annual compensation revision cycle of the employees of the Company.

Review of items by the Committee for recommendation to the Board for approval

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. Identifying, evaluating and recommending to the Board:
   a. Persons who are qualified for appointment as Independent and Non-Executive Directors/Executive Directors/ Whole time Directors/Managing Directors in accordance with the criteria laid down;
   b. Appointment of Senior Management Personnel (all the Direct Reportees to the Vice Chairman & Managing Director i.e. Excom members of the Company) in accordance with the criteria laid down;
   c. Removal of Directors and Senior Management Personnel.
3. Determining processes for evaluating the skill, knowledge, experience, effectiveness and performance of individual directors as well as the Board as a whole;
4. Recommending Budget for Board related expenses;
5. 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;
6. Based on the Policy as aforesaid, determine remuneration packages for the following:
   a. Recommend remuneration package of the Directors of the Company, including Commission, 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/Whole-time Director/Executive Director.
7. Recommend the remuneration payable to Senior management (all the Direct Reportees to the Managing Director i.e. Excom Members of the Company) to the Board for their approval including the structure, design and target setting for short and long term incentives / bonus

8. Recommend & review succession plans for Managing Directors;

9. Evolve a policy for authorizing expenses of the Chairman and Managing Director of the Company.

3.3.2 Composition and Attendance

The Nomination and Remuneration Committee met 3 times during the year on 08 May 2018, 01 August 2018 and 30 January 2019 to discharge its functions. The composition and attendance details of the members of the Nomination and Remuneration Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings attended
1.	Mr. V K Viswanathan	Independent, Non-Executive	3
2.	Mr. Narayan K. Seshadri	Independent, Non-Executive	2
3.	Mr. Satya Brata Ganguly	Independent, Non-Executive	2
4.	Mr. Nabankur Gupta[7]	Independent, Non-Executive	2
5.	Mr. Sanjay Nayar [8]	Non-Executive	0

7. Ceased to be a member w.e.f 7 December 2018

8. Ceased to be a member w.e.f 19 April 2018

The Nomination and Remuneration Committee was re-constituted by the Board of Directors at their meeting held on 08 May 2018 wherein Mr. Sanjay Nayar ceased to be a member of the Committee pursuant to his resignation from the Company w.e.f 19 April 2018. The Nomination and Remuneration Committee was again re-constituted by a resolution passed by circulation by the Board of Directors on 11 January 2019 wherein Mr. Nabankar Gupta ceased to be a member of the Committee pursuant to his demise and Mr. V K Viswanathan was designated as the Chairman of the Committee.

At present, there are three members and all of them are Independent Directors.

Mr. V K Viswanathan, acts as the Chairman of the Committee and Ms. Shabnum Zaman, Company Secretary, acts as the Secretary to this Committee.

3.4 Management Committee

3.4.1 Terms of reference

The Management Committee is authorized by the Board to do all such acts, deeds and things and decide on all such matters as may be delegated to the Committee from time to time. Such authorizations inter-alia includes to decide on matters w.r.t direct assignment deal with various banks from time to time, acceptance of term loans, credit facilities of any type, other borrowings etc., opening and closing of current/cash credit account and inclusion and deletion of the authorized signatories to the said current/cash credit account opened in the name of the Company.

3.4.2 Composition and Attendance

The Management Committee met 16 times during the year under review on 20 April 2018, 22 May 2018, 15 June 2018, 25 June 2018, 06 July 2018, 03 August 2018, 24 September 2018, 30 October 2018, 12 November 2018, 24 December 2018, 31 December 2018, 03 January 2019, 15 January 2019, 30 January 2019, 15 February 2019 and 29 March 2019. The composition and attendance details of the members of the Management Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings attended
1.	Mr. Mayank Poddar	Promoter, Executive	15
2.	Mr. Sanjay Chamria*	Promoter, Executive	7
3.	Mr. Satya Brata Ganguly	Independent Non-Executive	15

*Participated in the discussion in most of the meetings through tele-conferencing in which he has been granted leave of absence.

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

3.5 Corporate Social Responsibility (CSR) Committee

3.5.1 Terms of reference

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

- Formulation and ensuring compliance of CSR Policy;
- Identifying the CSR activities and the geographic distribution of CSR;
- Identifying structure for CSR implementation;
- Execution, implementation, monitoring and reporting of CSR activities;
- Formulate and recommend to the Board for its approval and implementation, the Business Responsibility (BR) Policy of the Company;
- Oversee and review the Company's BR performance;
- Such other acts as may be delegated by the Board from time to time.

3.5.2 Composition and Attendance

The CSR Committee met once during the year on 02 August 2018 to discharge its functions. The composition and attendance details of the members of the CSR Committee is given below:

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

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

3.6 Risk Management Committee

3.6.1 Terms of reference

The Board of Directors has revised the Terms of Reference (TOR) of Risk Management Committee. Some of the important terms of reference of the Committee are as follows:

- Review and recommend to the Board on a regular basis the risk management policies and other policies concerning credit risk, market risk, etc.
- Approval of risk management processes and framework;
- Approval of risk management governance structure at Magma;
- Defining the risk appetite of Magma;
- Approval of revision in existing systems, policies and procedures to address risk management requirements and good practices;
- Considering the overall risk management framework and reviewing its effectiveness in meeting sound corporate governance principals and identifying, managing and monitoring the key risks of the group;
- To oversee and monitor Company's compliance with regulatory capital requirements;
- Obtain on a regular basis reasonable assurance that Company's risk management policies for significant risks are being adhered to;
- Evaluate, on a regular basis, the effectiveness and prudence of senior management in managing the risks to which Magma is exposed to;
- Approve delegation of risk limits to management and approve any transactions exceeding those delegated authorities;
- Review risk reporting on significant risks, including the amount, nature, characteristics, concentration and quality of the credit portfolio, as well as all significant exposures to credit risk through reports on significant credit exposure presented to the Committee;
- Review risk mitigation plans on significant risks which affects policy or procedure level changes for effective implementation.
- Review the economic situation & its impact on industry;
- Review of the early warning report and necessary action thereof;
- Commission the risk assessment process to identify significant business, operational, financial, compliance, reporting and other risks;
- Review of risk assessment results and ensure that these are appropriately and adequately mitigated and monitored;
- Monitor the progress in implementation of risk mitigation strategies including the status of risk assessment program;
- Review of outsourcing strategies and arrangements for their continued relevance, and safety and soundness and identify new material outsourcing risks as they arise; and
- Review cyber security functions.

3.6.2 Composition and Attendance

The Risk Management Committee met 4 times during the year on 26 April 2018, 19 July 2018, 23 October 2018 and 15 January 2019 to discharge its functions. The composition and attendance details of the members of the Risk Management Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings attended
1.	Mr. Sanjay Chamria	Promoter, Executive	4
2.	Mr. Mayank Poddar	Promoter, Executive	4
3.	Mr. Narayan K Seshadri	Independent Non-Executive	4
4.	Mr. Sanjay Nayar[9]	Independent Non-Executive	0

[9] Ceased to be a member w.e.f 19 April 2018

The Risk Management Committee was reconstituted by the Board of Directors at their meeting held on 08 May 2018 wherein Mr. Sanjay Nayar ceased to be a member of the Committee pursuant to his resignation from the Company w.e.f 19 April 2018.

Mr. Sanjay Chamria, acts as the Chairman of the Committee.

3.7 Asset Liability Management Committee

3.7.1 Terms of reference

The Board of Directors has revised the Terms of Reference (TOR) of Asset & Liability Management Committee. Some of the important terms of reference of the Committee are as follows:

- Liquidity risk management through Asset Liability Mismatches across various time buckets;
- Management of market risks through articulation on current interest rate view & its future direction;
- Funding and capital planning – source & mix of liabilities;
- Forecasting and analysing 'What if scenario' and preparation of contingency plans through review of treasury strategy at regular interval;
- Regulatory updates;
- Product Pricing for both advances and borrowing, and
- Review of Internal Capital Adequacy assessment.

3.7.2 Composition and Attendance

The Asset Liability Management Committee met 4 times during the year on 06 July 2018, 20 September 2018, 26 December 2018 and 27 March 2019 to discharge its functions. The composition and attendance details of the members of the Asset Liability Management Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings attended
1.	Mr. Sanjay Chamria	Promoter, Executive	3
2.	Mr. Mayank Poddar	Promoter, Executive	4
3.	Mr. Satya Brata Ganguly	Independent Non-Executive	4

Mr. Sanjay Chamria, acts as the Chairman of the Committee.

3.8 Review Committee

3.8.1 Terms of reference

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

- Review the order passed by the Credit Committee of the Company w.r.t. classification of non co-operative borrowers;
- Seek necessary information from the Credit Committee;
- Give the non co-operative borrower, opportunity of being heard, where it deems fit;
- Pass the final order, as to whether to classify a borrower as non co-operative or not, after due consideration of all the facts of the case. The order so passed shall be treated binding on the borrower and the Chairman of the Committee will report to the Board after each Committee meeting and circulate the minutes of the Committee.

3.8.2 Composition and attendance

The Review Committee met once during the year on 31 January 2019 to discharge its functions. The composition and attendance details of the members of the Review Committee is given below:

Sl No.	Name of the Members	Category	Number of meetings attended
1.	Mr. Sanjay Chamria	Promoter, Executive	1
2.	Mr. Mayank Poddar	Promoter, Executive	1
3.	Mr. Narayan K Seshadri	Independent, Non-Executive	1
4.	Mr. Satya Brata Ganguly	Independent, Non-Executive	Nil
5.	Mr. Sanjay Nayar [10]	Non-Executive	0

[10] Ceased to be a member w.e.f 19 April, 2018

The Review Committee was reconstituted by the Board of Directors at their meeting held on 8 May 2018 wherein Mr. Sanjay Nayar ceased to be a member of the Committee pursuant to this resignation w.e.f. 19 April 2018. Mr. Sanjay Chamria acts as the Chairman of the Committee

3.9 IT Strategy Committee

In compliance with Clause 1.1 of Section-A on IT Governance of the Master Direction No. DNBS.PPD.No.04/66.15.001/2016-17 dated 8th June, 2017, issued by the Reserve Bank of India, specifying the IT framework to be adopted for the NBFC sector, the Company has constituted an IT Strategy Committee, comprising of Mr. V K Viswanathan, Independent Director (Chairman of the Committee), Mr. Sanjay Chamria, Vice - Chairman & Managing Director and other senior members of the management.

3.9.1 Terms of Reference

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

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls;
- Periodically reviewing the process for development, approval and modification of the Company's IT strategy and strategic plan;
- Review the key issues, options and external developments impacting the Company's IT strategy including acquisition and development of Information Systems (New Application Software) and Change Management;
- Monitor enterprise risks assigned to the Committee by the Board under the Company's Enterprise Risk Management program and report thereon to the Audit Committee of the Board;
- Review the Information System (IS) audit report. The periodicity of IS audit should be at least once in a year;
- Ensuring that contingency plans have been developed and tested adequately

3.9.2 Composition and attendance

The IT Strategy Committee met thrice during the year on 06 July 2018, 26 September 2018 and 24 December 2018 to discharge its functions. All the Directors and other members of the senior management attended all the meetings of the Committee.

4. SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year as per the requirement of Schedule IV of the Act and Listing Regulations all the Independent Directors (IDs) met on 30 January 2019 without the presence of other Non-Independent Directors and members of the management. At this meeting, the IDs inter alia evaluated the performance of Non-Independent Directors & the Board as a whole, performance of the Chairperson of the Company after taking into account the views of executive directors and non-executive directors and discussed aspects relating to the quality, quantity and timeliness of flow of information between the Company management & the Board.

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:

5.1 Selection criteria for Directors, senior management personnel and key managerial personnel:

5.1.1. 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; NRC is responsible for identification, shortlisting and recommendation candidature of person for the position of Managing Director to the Board of Directors of the Company;

5.1.2. 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;

5.1.3. 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;

5.1.4. 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 (VC & MD);

5.1.5. For any Senior Management Personnel recruitment, it is critical to identify the necessity for that role in the context of the Company. 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. The recruitment process shall generally involve meetings with Chief People Officer (CPO), VC&MD and/or identified members of the NRC and Board, on the basis of which the candidature will be finalised;

c. The total remuneration to be offered to the new candidate as above, shall be shared with the NRC for their concurrence by the CPO. Thereafter, the offer shall be rolled out.

5.2 Determination of qualification, positive attributes and independence test for the Independent Directors to be appointed:

5.2.1 For each Independent Director, the appointment shall be based on the need identified by the Board;

5.2.2 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;

5.2.3 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;

5.2.4 Any appointment of the Independent Director shall be approved at the meeting of the shareholders, in accordance with extant laws;

5.2.5 Director's Independence test shall be conducted as per the conditions specified in the Companies' Act and the rules thereunder;

5.2.6 Board's expectation from each Independent Director shall be clearly mentioned in the appointment letter;

5.2.7 The Independent Director shall confirm having read and complied with the Magma's Code of Conduct. They shall also need to confirm and sign the Independence Test;

5.2.8 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

5.2.9 VC & MD along with Company Secretary shall be involved in the familiarisation/ induction process for the independent director/s.

5.3 Remuneration policy for the Directors (including Independent Directors), key managerial personnel and senior management personnel:

5.3.1 The Independent Directors would be paid sitting fees subject to the limits prescribed under the Companies Act, 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;

5.3.2 Directors shall be reimbursed any travel or other expenses, incurred by them, for attending the Board and Committee meetings;

5.3.3 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.

5.3.4 The remuneration paid to VC & MD shall be considered by the NRC taking into account various parameters included in this policy document and 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 Act and the rules made thereunder;

5.3.5 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.

6. FAMILIARIZATION PROGRAMME

The Company has put in place a mechanism to familiarize its Independent Directors about the Company, its products, the industry and business structure of the Company and its subsidiary, associates and JVs. The Independent Directors are updated on an on-going basis at the Board/Committee meetings. The Company also undertakes various initiatives to update the Independent Directors about the ongoing events and developments relating to the Company, significant changes in regulatory framework having impact on the Company. To familiarize the new Directors with the business and operations of the Company an Induction kit is shared with them which, inter-alia, includes Mission, Vision and Values, Group Business Structure, Brief profile of the Board of Directors, Composition of Committees of the Board, Brief profile of Senior Managerial Personnel, Press Releases, Investor Presentation, Latest Annual Report and Policies and Remuneration payable to Directors. Furthermore the role, rights, responsibilities, duties and liabilities of the Independent Directors are embodied in detail in their Appointment Letter.

The Non- Executive Independent Chairman and Vice Chairman & Managing Director has a one-to-one discussion with the newly appointed Director. The Group CFO and Business CEO's also has a one-to-one discussion with the newly appointed Director. The above initiatives helps the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her to effectively fulfill his/her role as a Director of the Company.

During the financial year 2018-19, the Independent Directors were updated from time to time on an on-going basis on the significant changes in the regulations applicable to the Non-Banking Finance Companies. The details of such Familiarization Programmes 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. PERFORMANCE EVALUATION

Pursuant to the provisions of the Act and Regulation 17(10) of Listing Regulations, the Company has adopted the Remuneration Policy with the comprehensive procedure on performance evaluation. The Board has carried out the annual performance evaluation of its own performance, of individual Directors, the Chairman and that of its Committee. Also, the Nomination and Remuneration Committee has carried out evaluation of every director's performance and reviewed the self evaluation submitted by the respective directors. The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the director being evaluated.

The detailed process of Performance Evaluation is given in the Board's Report.

8. SUBSIDIARY COMPANY

Regulation 16(1)(c) of the Listing Regulations defines a "material subsidiary" to mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Pursuant to the above definition, Magma Housing Finance Limited is a debt listed material subsidiary of the Company. The subsidiary of the Company functions independently, with an adequately empowered Board of Directors and sufficient resources. The Minutes of the Board Meetings of the Company's subsidiary are placed at the Board Meeting for review by the Board Members. The financial statements of the subsidiary company are presented to the Audit Committee at every quarterly Meeting.

The Company has also complied with the other provisions of Regulation 24 of the Listing Regulations with regard to Corporate Governance requirements for subsidiary company.

The Policy for determining Material Subsidiaries as approved by the Board 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/.

9. VIGIL MECHANISM / WHISTLE BLOWER

The Company has in place Board approved Policy on Breach of Integrity and Whistle Blower (Vigil mechanism). The Policy was framed 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 as constituted under the vigil mechanism looks into the complaints raised and their redressal. The Committee reports to the Audit Committee.

The mechanism also provides for adequate safeguards against victimization 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 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. CODE FOR PREVENTION OF INSIDER-TRADING PRACTICES

As per the SEBI (Prohibition of Insider Trading) Regulations 2015, the Company Secretary is the Compliance Officer and is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price-sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board.

The Company has in place Board approved Code of Conduct for Prevention of Insider Trading as well as a Code of Corporate Disclosure Practices in accordance with aforesaid Regulations. All the Directors on the Board, Senior Management at all locations and other employees who could be privy to unpublished price-sensitive information of the Company are governed by this Code.

11. OTHER DISCLOSURES

- All related party transactions that were entered into during the financial year were on an arm's length basis and were usually in the ordinary course of business. There has been no material significant related party transactions between the Company and its directors, their relatives or associates except subsidiary. All Related Party Transactions are placed before the Audit Committee. Disclosure of transactions with related parties is provided in notes to the financial statements, forming part of this Report.
- The Policy on Related Party Transactions as approved by the Board is available on the Company's website at its weblink i.e. https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial- documents/.
- The Company received sufficient disclosures from Promoters, Directors or the Senior 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/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 Regulation 47 of Listing Regulations.

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

1. The Financial Express (English language)
2. Aajkaal (Vernacular 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 financial year 2018-19, Analyst Conference Calls were conducted on 10 May 2018, 21 August 2018, 02 November 2018 and 31 January 2019. Presentations to Institutional Investor/ Analysts are uploaded on the Company's website www.magma.co.in under 'Investors' section.

Press releases

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

NSE Electronic Application Processing System (NEAPS)

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 by BSE 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 forms part of the Board's Report

14. GENERAL BODY MEETINGS

a) Location and time of the last three Annual General Meetings:

Year	Venue	Day and date	Time	Particulars of Special Resolutions passed
2015-16	Kala Kunj Auditorium, 48, Shakespeare Sarani, Kolkata – 700 017	Monday, 19 September 2016	2:30 P.M.	Approval for alteration of Articles of Association of the Company
2016-17	Sitaram Seksaria Auditorium, Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata-700017	Wednesday, 02 August, 2017	03:00 P.M.	Approval of Scheme of Merger of wholly owned Subsidiary Company i.e. Magma Advisory Services Limited with the Company
2017-18	Kala Kunj Auditorium, 48, Shakespeare Sarani, Kolkata – 700 017	Thursday, 02 August 2018	03:00 P.M.	Approval for alteration of Articles of Association of the Company

As on date of this report there is no proposal for passing special resolution by Postal Ballot.

b) Postal Ballot

During the year the Company had conducted Postal Ballot on 28 March 2019 pursuant to Section 110 of the Act read with Companies (Management and Administration) Rules, 2014 including any amendments thereto, Mr. Girish Bhatia, Practicing Company Secretary (CP No. 13792) 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 Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 including any amendments thereto and Regulation 44 of Listing Regulations, the Company had provided to the members the facility to exercise their right to vote by electronic means.

The following resolution was 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
28 March 2019	Special Resolution	Issuance of debt securities pursuant to Sections 23(1)(b), 42, 71 and 180 of the Companies Act, 2013, upto an overall ceiling of ₹ 3000 crore on Private Placement basis	99.80
		Continuation of directorship of Mr. Satya Brata Ganguly, Independent Director, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018	99.83

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 and also to National Securities Depository Limited.

15. DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A) OF LISTING REGULATIONS:

During the year under review the Company has successfully raised ₹ 500 crore through a Qualified Institutional Placement (QIP). The Company has duly utilised the issue proceeds raised through QIP, to augment its long term working capital requirements, strengthen its financial position by augmenting its long term capital resources, improve its capital adequacy norms and for general corporate purposes and for payment of Issue expenses.

16. DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a '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, in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 and the rules thereunder.

The following is a summary of Sexual Harassment complaint(s) received and disposed off during the year 2018-19, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder:

a. number of complaints filed during the financial year: NIL
b. number of complaints disposed of during the financial year: NIL
c. number of complaints pending as on end of the financial year: NIL

During the year under review 1 (one) death due to road accident on duty has been reported in the Company.

17. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As required under Regulation 34 of the Listing Regulations, the auditors' certificate on Corporate Governance is annexed as Annexure A to this Report.

18. CEO AND CFO CERTIFICATION

The certificate required under Regulation 17(8) of the Listing Regulations, duly signed by the CEO and CFO of the Company was placed before the Board. The same is provided as Annexure B to this report.

19. CERTIFICATE FROM PRACTICING COMPANY SECRETARY

A certificate from a Company Secretary in practice certifying that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority same is provided as Annexure C to this report.

20. TOTAL FEES FOR ALL SERVICES PAID BY THE LISTED ENTITY AND ITS SUBSIDIARIES, ON A CONSOLIDATED BASIS, TO THE STATUTORY AUDITOR AND ALL ENTITIES IN THE NETWORK FIRM/NETWORK ENTITY OF WHICH THE STATUTORY AUDITOR IS A PART.

During the year under review the statutory Auditors of the Company has been paid a fees as set out below:

For Magma Fincorp Limited (₹ in lacs)

Particulars	Payment pertaining to FY18 but paid in FY19	Payment pertaining to FY19 and paid in FY19	Payment pertaining to FY19 but wil be paid in FY20 subject to requisite approvals
As Auditors			
Audit Fees	36.00	-	55.00
Limited review of quarterly results	-	30.00	-
In other Capacity			
Other Services (including certification fee)	-	40.55	-
Reimbursement of expenses etc.	2.91	4.49	-
As KPMG (network firm)			
Other Services	-	48.07	-
Reimbursement of expenses etc.	-	0.26	-

For Magma Housing Finance Limited:

During the year under review the statutory auditors of the Company has been paid a fees of ₹ 0.61 lacs (inclusive of taxes) by Magma Housing Finance Limited, wholly owned subsidiary of the Company, towards other services.

21. GENERAL 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 Act and Listing Regulations. The Company also issues press releases and publishes quarterly results.

a) Listing of shares

The Equity Shares of the Company are listed on

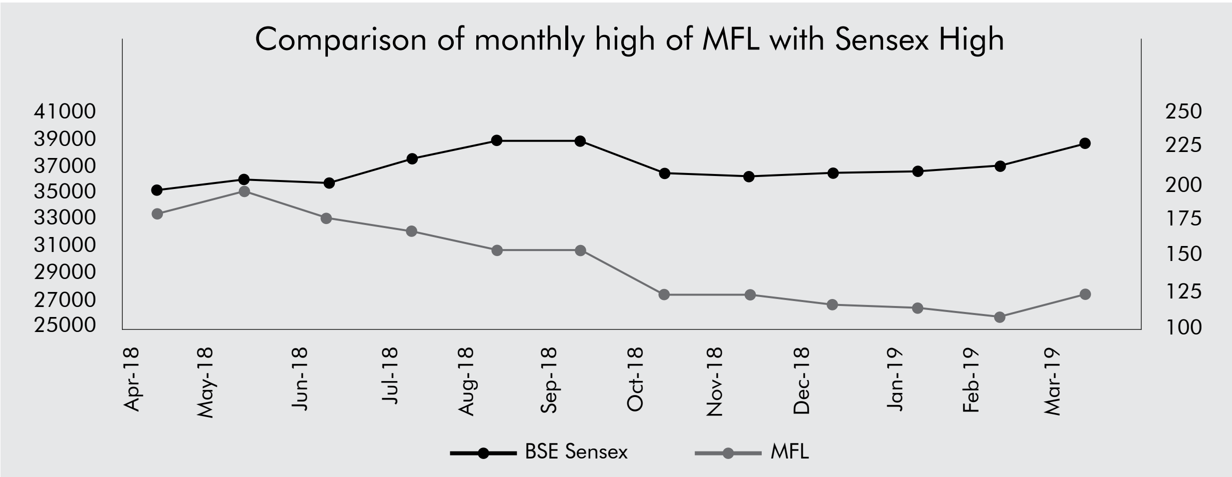
Name of Stock Exchanges	Stock code
National Stock Exchange of India Limited (NSE) 5, Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400 051	MAGMA
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001.	524000

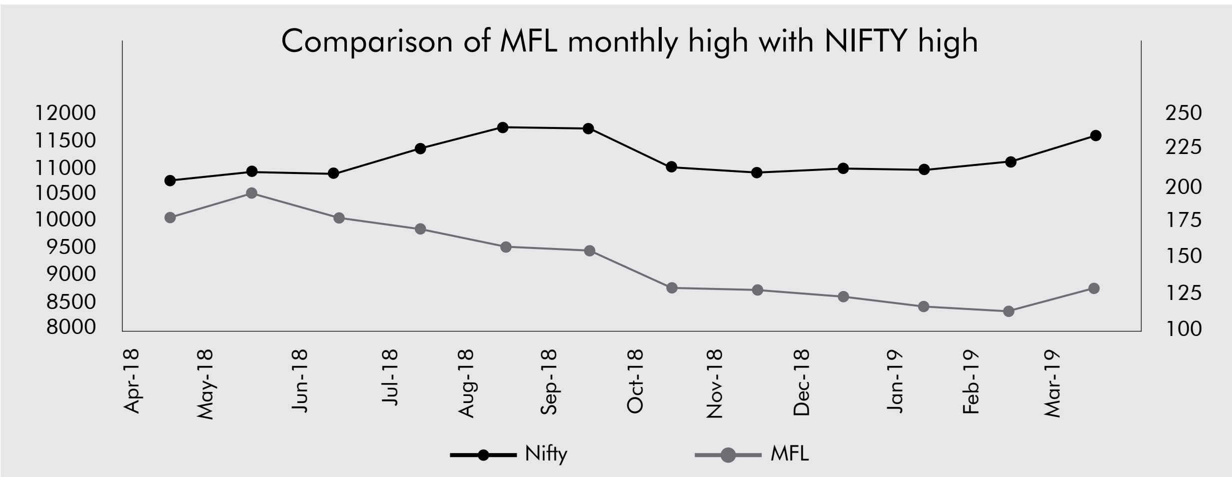
b) Market price data

Monthly high and low quotation during 1 April 2018 to 31 March 2019 is given in the table below:

Month	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
April, 2018	180.00	151.80	37260772	176.30	150.30	12852848
May, 2018	193.50	166.00	1486953	193.90	166.00	25453219
June, 2018	176.45	154.45	254355	175.90	153.55	6601516
July, 2018	167.10	133.65	3143356	167.75	134.30	7319221
August, 2018	155.00	135.50	1177143	156.00	135.10	10102070
September, 2018	152.70	110.05	2885238	152.05	109.25	7541913
October, 2018	123.10	94.45	307102	124.80	95.00	3452516
November, 2018	123.90	99.45	162215	124.00	97.65	2019388
December, 2018	117.25	100.00	813236	117.25	100.10	1670496
January, 2019	113.90	96.10	108735	113.50	96.00	1310841
February, 2019	108.45	81.00	209497	109.00	80.65	3314108
March, 2019	123.00	101.95	2577755	123.45	101.50	8766086

c) Magma Share Performance in comparison to broad based indices:





d) Company's registered office	[11]"Development House", 24, Park Street, Kolkata – 700 016.
e) Address for correspondence for Shares/ Debentures and related matters	Ms. Shabnum Zaman Secretarial Department Magma Fincorp Limited Ecospace Business Park, Premises No.501 Block 4A, 5th Floor, New Town, Rajarhat, Kolkata - 700160 Tel No. +91 33 4401 7431 Fax No. +91 33 4401 7428 Email Id: shabnum.zaman@magma.co.in
f) Registrar and Share Transfer Agent (Physical and Demat Mode) (Shares & Debentures through private placement)	Niche Technologies Private Limited 3A, Auckland Place, 7th Floor, Room No. 7A & 7B, Kolkata - 700 017 Tel No.: 033- 2280 6616/6617/6618 Fax No.: 033 - 2280-6619 Email Id : nichetechpl@nichetechpl.com
g) Registrar and Share Transfer Agent (Retail Debentures only)	Karvy Fintech Private Limited Karvy Selenium,Tower B, Plot No. 31-32, Financial District, Nankramguda, Serilingampally, Hyderabad Rangareddi TG 500 032, India Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 E-mail: magmafincorp.ncd@karvy.com Website: www.karvyfintech.com
h) AGM details	
Date	As per the Notice calling the 39th Annual General Meeting
Venue	
Time	
i) Financial Year	The financial year covers the period from 1st April to 31st March
J) Book Closure date	26 July 2019 to 1 August 2019 (both days inclusive)
Financial calendar (tentative)	
Financial reporting for the quarter ending	
1st quarter ending 30 June 2019	First week of August 2019
2nd quarter ending 30 September 2019	First week of November 2019
3rd quarter ending 31 December 2019	First week of February 2020
4th quarter ending 31 March 2020	First week of May 2020
Annual General Meeting for the year ending 31 March 2020	First Week of August 2020
k) Dividend payment date and rate	On Equity Shares @ 40% i.e Re. 0.80 per Equity Share of the face value of ₹ 2/- each. The dividend will be paid on or after the AGM date. Dividend warrants in respect of shares held in electronic/dematerialized form will be posted to the beneficial owners at their address as per the information furnished by NSDL and CDSL as on the record date.
l) Contact person for clarification on Financial Statements	For clarification on Financial Statements, kindly contact: Mr. Rajesh Singhania, Magma Fincorp Limited Ecospace Business Park, Premises No.501 Block 4A, 5th Floor, New Town, Rajarhat, Kolkata - 700160 Ph:+91 33 4401 7438 Email: rsinghania@magma.co.in

[11] The Company has shifted its registered office from "Magma House" 24, Park Street, Kolkata - 700016 to "Development House", 24, Park Street, Kolkata - 700016 within the same compound vide Board Resolution dated 11 April 2019

m) Distribution of shareholding as on 31 March 2019

Particulars	Number of shareholders	Number of shares held	Percentage of shareholding(%)
Up to 500	14075	15,43,522	0.57
501 – 1,000	3134	23,11,915	0.86
1,001 – 5,000	2658	51,43,187	1.91
5,001 – 10,000	256	18,68,856	0.69
10,001 – 50,000	219	48,89,009	1.82
50,001 – 1,00,000	33	22,51,331	0.84
1,00,001 – and above	60	25,13,16,416	93.31
Total	**20435**	**26,93,24,236**	**100.00**

n) Pattern of shareholding as on 31 March 2019

Category	Number of shares	Percentage (%)
Promoter and Promoter Group	65752083	24.41
Resident individuals	13275326	4.93
Foreign holdings	109856072	40.79
Public financial institutions and banks	231467	0.09
Other Companies / Mutual Funds	79822584	29.64
IEPF	386704	0.14
Total	**269324236**	**100.00**

o) 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:-

INE511C01022 for 26,93,24,236 Equity Shares of ₹ 2/- each available since 16 January 2001;

As on 31 March 2019, 26,85,28,451 Equity Shares constituting 99.70% of the total holding were held in demat mode.

Members still holding physical share certificates are requested to dematerialize their shares by approaching any of the Depository Participants registered with the Securities and Exchange Board of India (SEBI). From June 26, 2000 the shares of the Company are mandated by SEBI for trading in dematerialized form.

p) Transfer of shares

The Company's shares being in the compulsory demat list, are transferable through the depository system. However, shares held in physical form are processed by the Registrar & Share Transfer Agent in coordination with the Company and the share certificates are returned within fifteen days from the date of receipt for transfer by the Company provided that the transfer documents are complete in all respects. Other than routine queries / requests, the Company did not receive any complaint during the period from the investors.

MANDATORY DEMATERIALISTAION

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018, and notification thereto SEBI has mandated that, with effect from 1st April 2019, shareholders holding share in physical mode shall not be able to transfer their shares unless such shares are converted into dematerialised form. Accordingly, the shareholders holding shares in physical form, in their own interest, are hereby requested to take necessary steps to dematerialise their shares as soon as possible. The amendment does not impact the shareholders requests for transmission or transposition of securities held in physical mode. Process for dematerialisation of shares is available at the website of the Company at weblink i.e. https://magma.co.in/about-us/investor-relations/secretarial-documents/information-for-shareholders/

q) Nomination facility

Pursuant to the provisions of Section 72 of the Companies Act, 2013, and Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, members may file Nomination in respect of their shareholdings. Members holding shares in Physical Form willing to avail this facility may submit to the Company the prescribed Form SH-13 and any change or variation in the nomination in prescribed Form SH-14. Form SH-13 and SH-14 can be downloaded from the Company's website www.magma.co.in under the 'Investors' section. Members holding shares in electronic form are requested to give the nomination to their respective Depository Participants directly.

r) Requirement of PAN	Members who hold shares in the physical form are advised that in terms of the Listing Regulations, for transfer, transmissions of shares etc., a copy of the PAN card along with other necessary documents shall be submitted to the Company/RTA
s) Rights of Members	The following are some of the important rights of the members: 1. Receive notices of General Meetings, Annual Report, etc. 2.Attend and vote at the General Meetings and appoint proxy in their stead. 3.Request an Extraordinary General Meeting along with other members who collectively hold not less than 1/10th of the total paid up share capital of the Company carrying voting rights. 4.Receive dividends and other corporate benefits like rights, bonus shares etc., when declared /announced. 5.Transfer the shares. 6.Inspect minutes book of General Meetings. 7.Inspect Register of Members. 8.Nominate a person to whom his/her shares shall vest in the event of death. 9.Seek relief in case of oppression and mismanagement in the manner given under Section 241 of the Companies Act, 2013. 10. Seek relief in case the affairs of the company are managed in a manner prejudicial to the interest of the company or its members by virtue of a Class Action Suit under Section 245 of the Companies Act, 2013.
t) Outstanding GDRs/ ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	As on 31 March 2019, there are no Outstanding GDRs/ADRs/Warrants or any Convertible instruments
u) Commodity price risk or foreign exchange risk and hedging activities	Your Company does not deal in any commodity risk or foreign exchange or hedging activities and hence is not directly exposed to any commodity price risk.
v) Plant locations	In view of the nature of business activities carried on by the Company, the Company operates from various offices in India and does not have any manufacturing plant.

w) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.

Instrument	Rating	Rating Agency
Rating Under Basel Guidelines		
Fund Based & Non Fund Based from Banks	AA-	CARE
	AA-	ICRA
	AA-	India Ratings
Short Term Debt (Commercial Paper)	A1+	CARE/CRISIL
Secured Redeemable Long Term Bond/Note	AA-	CARE/ICRA/ India Ratings
	AA	BWR/ACUITE
Unsecured Subordinate Tier II Bonds	AA-	CARE
	AA	Brickwork/ACUITE
Perpetual Debt Instruments	A+	CARE
	AA-	Brickwork

x) Debt Securities Listing The Wholesale Debt Market (WDM) Segment of BSE*

y) Debenture Trustees

i) **IDBI Trusteeship Services Limited**
Asian Building, Ground Floor, 17, R. Karmani Marg,
Ballard Estate, Mumbai – 400 001, Maharashtra,
Tel: +91 22 4080 7000; Fax: +91 22 6631 1776
E-mail: itsl@idbitrustee.co.in

ii) **Catalyst Trusteeship Limited (Formerly GDA Trusteeship Limited)**
'GDA House', Plot No. 85,
Bhusari Colony (Right), Kothrud, Pune 411 038
Maharashtra, India
Tel: +91 22 4922 0543
Fax: + 91 22 4922 0505
Email: ComplianceCTLMumbai@ctltrustee.com
Investor Grievance Email:grievance@ctltrustee.com

z) Payment of Listing Fees Annual listing fee has been paid by the Company to BSE and NSE.

* Retail NCD's are listed with both BSE and NSE w.e.f. 08 May 2019

22. RECONCILIATION OF SHARE CAPITAL

During the year under review, an audit was carried out at the end of every quarter by a qualified Practising Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL. The report for every quarter upon reconciliation of capital was submitted to the stock exchanges.

Adoption of mandatory and non- mandatory requirements of Regulation 27(1) of Listing Regulations

The Company has complied with all mandatory requirements of Regulation 27 of Listing Regulations. The Company has adopted four out of five non-mandatory requirements of Regulation 27(1) of Listing Regulations. The details of non-mandatory requirements are as follows:

A. The Board

Mr. Narayan K Seshadri is the Non Executive Chairman of the Company and the expenses incurred, if any, in performance of his duties is reimbursed by the Company.

B. Shareholder 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. Modified opinion(s) in audit report

It is always the Company's endeavour to present unmodified Financial Statements. There is no audit qualification in the Company's Financial Statements for the financial year ended 31 March 2019.

D. Separate posts of Chairman and MD

Mr. Narayan K Seshadri 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.

The Company has complied with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46.

For and on behalf of the Board

Narayan K Seshadri

Place: Mumbai **Chairman**

Date: 15 May 2019 **DIN: 00053563**

ANNEXURE - A

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Magma Fincorp Limited

The Certificate is issued in accordance with the terms of our engagement letter dated 27 September 2018 along with addendum thereto dated 22 April 2019 with the Company.

We have examined the compliance of conditions of Corporate Governance by Magma Fincorp Limited ("the Company"), for the year ended 31 March 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time, pursuant to the Listing Agreement of the Company with Stock exchanges.

Management' Responsibility for compliance with the conditions of SEBI Listing Regulations

The Company's Management is responsible for compliance of conditions of Corporate Governance including the preparation and maintenance of all relevant supporting records and documents as stipulated under the Listing Regulations. This responsibility includes the design, implementation and maintenance of corporate governance process relevant to the compliance of the conditions. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above mentioned Listing Regulations.

Auditor's Responsibility

Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2019.

We have examined the compliance of conditions of Corporate Governance by the Company for the period 1 April 2018 to 31 March 2019 as per the SEBI Listing Regulations. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the 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.

We conducted our examination of the corporate governance compliance by the Company as per the Guidance Note on Reports or Certificates for Special purposes (Revised 2016), Guidance Note on Certification of Corporate Governance both issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and the representation provided to us by the management we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We 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.

Restriction on Use

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the SEBI Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

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

Manoj Kumar Vijai
Partner
Membership No: 046882
UDIN: 19046882AAAADN3641

Mumbai
20 June 2019

ANNEXURE - B

CERTIFICATION IN TERMS OF REGULATION 17(8) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

14 May 2019

The Board of Directors
Magma Fincorp Limited

We, the undersigned in our respective capacities as Vice Chairman and Managing Director and Chief Financial Officer of Magma Fincorp Limited, certify to the Board in terms of regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 that we have reviewed the Financial Statements and the Cash Flow Statement of the Company for the Financial Year ended 31 March 2019.

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

Kailash Baheti
Chief Financial Officer

ANNEXURE - C

PRACTICING COMPANY SECRETARY CERTIFICATE

To
The Members of Magma Fincorp Limited

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s Magma Fincorp Limited, having its Registered office at Development House, 24, Park Street Kolkata – 700016, West Bengal and also the information provided by the Company, its officers and authorized representatives, we hereby report that during the Financial Year ended on March 31, 2019, in our opinion, none of the director on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of Company by Securities and Exchange Board of India/Ministry of Corporate Affairs or any such Statutory authority.

For **MKB & Associates**
Company Secretaries

Manoj Kumar Banthia
[Partner]
ACS no. 11470
COP no. 7596

Date: 7 May 2019
Place: Kolkata

ANNEXURE - D

CODE OF CONDUCT

8 May 2019

The Board of Directors
Magma Fincorp Limited

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 31.03.2019.

Thanking You,

Yours sincerely,

For **Magma Fincorp Limited**

Sanjay Chamria
Vice Chairman & Managing Director

BUSINESS RESPONSIBILITY REPORT (BRR)

Magma Fincorp Limited is one of the largest Non-Banking Financial Company (NBFC), with a strong distribution and service network, along with an impressive penetration in rural India. Here below, we present the Business Responsibility Report of the Company for the financial year ended on 31 March, 2019, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SECTION A General Information about the Company

1	Corporate Identity Number (CIN) of the Company	L51504WB1978PLC031813
2	Name of the Company	Magma Fincorp Limited
3	Registered address	Development House, 24, Park Street, Kolkata- 700 016, India
4	Website	www.magma.co.in
5	E-mail id	secretary@magma.co.in
6	Financial Year reported	2018-19
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code: K Group: 649 Description: Financial Services- Lending
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Financing for Vehicles, Mortgage and Small and Medium Enterprises financing
9	Total number of locations where business activity is undertaken by the Company	i. Number of International locations - None ii. Number of National Locations - Corporate office in Mumbai with 310 branches
10	Markets served by the Company-Local/State/National/International	The services of Magma Fincorp Limited cater to a pan-India market

SECTION B Financial Details

1	Paid up Capital (INR)	₹ 5,386.48 lacs
2	Total Turnover (INR)	₹ 2,28,474.56 lacs
3	Total profit after taxes (INR)	₹ 27,512.87 lacs
4	Total Spending on Corporate Social Responsibility (CSR) initiatives(INR)	₹ 292.98 lacs
5	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	1.07%
6	List of activities in which CSR expenditure has been incurred (2018-19)	The same has been detailed out in the Annual Report on CSR Activities, annexed to the Board's Report.

SECTION C Other Details

1	Does the Company have any Subsidiary Company/ Companies?	Yes (One Subsidiary Company)
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	BR activities of the subsidiary company are conducted as part of the parent company to the extent possible.
3	Do any other entity/entities (e.g. suppliers, distributers etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?	No other entities (such as investors, customers etc.) participate in the Business Responsibility (BR) initiatives of the Company.

SECTION D Other Details

1 DETAILS OF DIRECTOR/DIRECTORS RESPONSIBLE FOR BR

A) Details of Director/Directors responsible for implementation of the BR policy/policies

DIN	Name	Designation
00009409	Mayank Poddar	Chairman Emeritus and Whole time Director

b) Details of the BR head

Sl. No.	Name	Designation
1	DIN (if applicable)	N.A
2	Name	Rajneesh Mishra
3	Designation	Chief People Officer
4	Telephone No.	+91 22 6229 1110
5	Email id	Rajneesh.mishra@magma.co.in

2 PRINCIPLE - WISE (AS PER NVGS) BR POLICY/ POLICIES

1 PRINCIPLE

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

2 PRINCIPLE

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

3 PRINCIPLE

Businesses should promote the wellbeing of all employees

4 PRINCIPLE

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

5 PRINCIPLE

Businesses should respect and promote human rights

6 PRINCIPLE

Business should respect, protect, and make efforts to restore the environment

7 PRINCIPLE

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

8 PRINCIPLE

Businesses should support inclusive growth and equitable development

9 PRINCIPLE

Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sl. No.	Questions	P 1 Ethics and Transparency	P 2 Product Responsibility	P 3 Wellbeing of employees	P 4 Responsiveness to Stakeholders	P 5 Respect Human Rights	P 6 Environmental Responsibility	P 7 Public policy advocacy	P 8 Support inclusive growth	P 9 Engagement with customers
1	Do you have a policy/policies for….	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify?	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1	-	Y Note 1	Y Note 1
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online?	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2	-	Y Note 2	Y Note 2
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	-	-	-	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	-	-	Y Note 3	Y Note 3

P1: The Company has a Breach of Integrity and Whistle Blower (Vigil Mechanism) Policy, Anti Money Laundering Policy and also has Code of Conduct, for its employees and directors and Code of Business Ethics for all its stakeholders and also has a defined Code of Conduct & Discipline Rules for employee across functions, geographies and grades.

P2: Considering the nature of our business, this principle has limited applicability on the Company.

P3: The Company's Code of Conduct and Business Ethics strongly embraces gender equality, equal opportunity and anti-harassment in the workplace.

P4: The Company plays an important role in nation building and financial inclusion by complementing the banking sector in reaching out credit to the unbanked and under-banked segments of society, especially to the micro, small and medium enterprises (MSMEs), which form the cradle of entrepreneurship and innovation. The Company also adheres to the guidelines laid down by Reserve Bank of India applicable to NBFCs.

P5: The Company upholds the principles of Human Rights and conducts operations with integrity and openness and respect for human rights of the employees and also adheres to the directives issued by Central/State Governments regarding the same.

P6: Considering the nature of our business, this principle has limited applicability on the Company.

P7: The Company is associated with apex industry institutions that are engaged in policy advocacy, like Bharat Chamber of Commerce (BCC), Confederation of Indian Industry (CII), Finance Industry Development Council (FIDC), The Federation of Indian Chambers of Commerce and Industry (FICCI) and various other forums. The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance interests of diverse stakeholders.

P8: The Company has a CSR Policy which guides all its CSR activities we undertake for the disadvantaged, marginalized and vulnerable stakeholders.

P9: The Company's Fair Practices Code aims to provide to all the stakeholders, good, fair and trust-worthy practices by setting certain standards and ensures transparency in the Company's dealings with its customers. The Customer Grievance Redressal Policy aims at minimizing instances of customer complaints and grievances. The Company also ensures privacy and confidentiality of customers' data.

Note 1: All policies have been developed as a result of detailed consultations and research on the best practices adopted by NBFCs and organizations across the industry, and as per the requirements of the Company and in conformity with the applicable laws.

Note 2: It has been the Company's practice to upload all polices on the intranet for the information and implementation by the internal stakeholders and some of these policies are also available at the following website https://magma.co.in/about-us/investor-relations/secretarialdocuments/download-secretarial-documents/

Note 3: All Policies of the Company are evaluated internally as and when required.

3. GOVERNANCE RELATED TO BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

An egalitarian process is instilled in our Company's DNA to reach out to the society and lend a helping hand for their progress. We believe that our business responsibility performance is a reflective process whereby our holistic growth towards sustainable development can be measured and tracked for future improvement.

The CSR committee oversees and review the Company's BR performance. The CSR Committee meets annually for implementation of CSR and BR initiatives undertaken by the Company.

Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Business Responsibility Report (BRR) is prepared by the Company and the same forms a part of the Annual Report 2018-19. It is also available on the Company's website at www.magma.co.in.

SECTION E Principle - wise performance

PRINCIPLE 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

The Company has in place a Corporate Governance Policy, the Policy is steered based on our corporate governance philosophy, which is anchored on the values of trusteeship, transparency, ethical corporate citizenship, empowerment, control and accountability as integral parts of a good management. Integrity and credibility in our acts, fairness and impartiality in our dealings with others, trust and respect for people and demanding excellence are the essence of our flawless operation. Policies and processes are set up at various levels across the Company to guide different stakeholders and ensure compliance to regulatory and voluntary norms. We strongly adhere to the above work ethics which we believe are the corner stone to achieve our vision of being one of the India's largest Asset Finance Company.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?**
   No. The Code of Business Ethics applies to all Directors, officers and employees of Magma. The Company also encourages employees of those entities in which Magma has an interest but does not have control, to adopt and follow the Code of Business Ethics. The Company also encourages employees of the subsidiary of Magma to adopt and follow the Code of Business Ethics. Third parties, such as consultants and agents are required to comply with the Code of Business Ethics when acting on Magma's behalf. The Company also has a defined Code of Conduct & Discipline Rules (Code) to deter wrongdoings and to foster and maintain the standard of business conduct for employee, trust and confidence in the professionalism and the integrity of the employees. The Code is applicable to all employees across functions, geographies and grades

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

Stakeholder Complaints in FY 2018-19

Particulars	No. of complaints received	No. of complaints resolved	% of complaints resolved
Shareholders	4	4	100
Customers	299	289	97
Employees	201	201	100

PRINCIPLE 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**
   The Company constantly aims to reduce the impact on environment by identifying ways to optimize resource consumption in its operations although the very nature of its business being an NBFC has limited impact on the environment. However, the Company is working on building an inclusive organization by engaging with stakeholders and creating value in the eco-system it operates in. The Company's business focusses on the key necessities of people and enable them to earn their livelihood through financial products offered by it. The Company also helps people build their homes through MHFL's affordable home loan services and secure their life and assets by insurance solutions of Magma HDI. Sustainability has always been a key success factor for the ambit of company's businesses. Through its wide network of branches with locally trained FOS (Field Officers), large customer base, vast experience and market knowledge, the Company is providing financial resources to underserviced regions of the country and building livelihood for such sections of the population, who are aspiring for a better living in the Rurban India.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**
   a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   The Company strives relentlessly to maintain the highest standards of safety and sustainability in its services offered in alignment to our values.

   On account of the nature of our services, the major resource consumed at the Company is paper. The Company contributes towards sustainable service delivery through paperless transaction. The Company has a paper recycling initiative in terms of re-usage of old print outs which are no longer required and also monitor usage of paper consumption. Above all, we emphasize on integrating sustainable practices within our value chain (suppliers and customers) through acceptance of payments through ACH/Auto Debit/Digital/online mode which in turn helps the customers in paper less transaction. We pay our vendors through NEFT/RTGS mode thereby reducing the usage of paper

   The Company ensures reduction of paper usage through various initiatives viz. leads are generated online with customer related data, online system to record customer related transactions, e-learning platform for knowledge sharing / enhancement of employees, customers are updated through SMS during loan processing at every stage till sanction. Other important initiatives launched in previous year which is discontinuation of printing of system generated reports and facility for uploading system generated reports which helped in restricting usages of paper, ink cartridges, fuel for transportation.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**
   The primary resource consumption of the Company is printing paper. The Company entered into vendor agreements for procurement of paper and tracks consumption of resources to reduce their wastage. Above all, we emphasize on integrating sustainable practices within our value chain (suppliers and customers) through acceptance of payments through ACH/AutoDebit/Digital/online mode which in turn helps the customers in paper less transaction.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**
   The Company has its presence PAN India and has a practice of purchasing goods and services required for normal operations from local suppliers. The Company is progressing more towards digital transactions,

hence we encourage the vendors/suppliers more towards digitization.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).

Yes. The Company's primary waste products comprises of paper waste, municipal waste and electronic waste. The Company puts in place mechanisms for responsible disposal of waste through authorized third party vendors. We have a paper recycling initiative in terms of re-usage of old print outs which are no longer required.

PRINCIPLE 3: Businesses should promote the wellbeing of all employees

The capability of the Company's talent pool is surmised on a work culture that nurtures quality talent and promotes a causative work environment combining the need to focus on performance and results with a caring and compassionate work ethics. The Company places utmost care in promotion of employee wellbeing. We strongly embrace gender equality, equal opportunity and work-life balance in day to day work. Our Policies ensure a work environment that is free from any form of discrimination among employees in terms of compensation, training and employee benefits based on caste, religion, disability, or gender.

Sl. No.	Particulars	Details	
1.	Total number of employees	As on 31 March 2019, the Company has 6936 employees	
2.	Total number of employees hired on temporary/ contractual/casual basis	All employees at the Company are hired on a permanent basis	
3.	Number of permanent women employees	The Company has 485 permanent women employees on 31 March 2019	
4.	Number of permanent employees with disabilities	The Company being an equal opportunity employer, made no distinction between employees on the basis of disabilities.	
5.	Do you have an employee association that is recognized by management	The Company does not have an employee association.	
6.	What percentage of your permanent employees is members of this recognized employee association?	N.A	
7	Number of complaints relating to child labor, forced labor, involuntary labor, sexual harassment in FY 2018-19		
#	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
7.1	Child labor/forced labor/ involuntary labor	None	None
7.2	Sexual harassment	None	None
7.3	Discriminatory employment	None	None
8.	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?		
a.	Permanent Employees	During FY 2018-19 total 84% employees covered through classroom sessions in various Functional and Behavioral training programs viz. High Impact Leadership Program, Professional Selling skill (HFC), Expected Credit Loss under Indian AS, M-CART (Automated Credit Engine), Technological Innovation Management, SME Product Process etc. 78.3% employees through E-Learning viz. KYC, AML, POSH, INFOSEC, 5 (Five) Value Modules, Knowledge Assessment, Customer Service Policy, Insider Trading Regulations, Arbitration and Asset Repossession etc.	
	Permanent Women Employees	During FY 2018-19 total 21% Female employees are covered in classroom session and 91% female employees through E-Learning.	
	Casual/Temporary/ Contractual Employees	Not applicable, since the Company only hires employees on a permanent basis.	
	Employees with Disabilities	The Company does not measure this metric.	

PRINCIPLE 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the Company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

The Company views the unbanked and under-banked segments of society in urban India as disadvantaged in terms of integration into India's mainstream economy, which leaves them vulnerable to socio-economic exploitation.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?

The Company's collaborative partnerships with communities are manifested in its programmes such as the Highway Heroes-Trucker's Initiative, M Scholar, Mid-Day Meal program, Ekal Vidyalaya, Swayam, M Care-Mobile Health Camp. The details of each of the initiatives have been given under Principle 8 later.

PRINCIPLE 5: Businesses should respect and promote human rights

The Company's HR policies espouse these principles and these are clearly demonstrated in their policies where nobody is discriminated on the basis of gender, caste, religion or physical disability. Any incidence of misconduct or harassment is dealt with a robust process of fair investigation and seriousness within the organisation. This helps in building a healthy and lively work place strengthened through mutual trust and ethical behavior. In fact the Company has chosen "Respect" as one of the three core values

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ Others?**

   The Company has implemented policies that ensure there is a respectful environment and no human rights violation incidents for its employees, stakeholders and vendors. The Company has put in place a "Whistleblower" mechanism to ensure that any violations to its Code of Conduct and Code of Business Ethics (including violation of human rights) are raised without any fear of consequence and addressed objectively. The aforesaid policies are also adopted by the group companies and these policies are readily available on the Company Intranet for employee reference.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   The Company did not receive any complaint in the area of human rights violations. Elements of Human Rights get covered in various policies and practices at the Company. Complaints pertaining to employee wellbeing that covers different aspects of Human Rights is disclosed in Point No. 7 of Principle 3 above.

PRINCIPLE 6: Business should respect, protect, and make efforts to restore environment

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

   Magma endeavours to ensure and enhance effective social and environmental management practices in all its activities with a special focus on the following:

   - Ensuring that social and environmental safeguards as defined by the applicable Indian social and environmental legislation are adequately integrated by the customer prior to its financing and in its implementation.
   - Influencing interested parties, especially clients and other domestic financial institutions, to be more socially and environmentally responsible.
   - Ensuring transparency in its Social and Environmental Management System & Procedures.

   The Company recognizes that all activities and projects are in compliance with the Social and Environmental Management System-Policy and Procedures document. The policy is based on guidelines from IFC and ensures that the Company abstains from lending to socially and /or environmentally irresponsible businesses or ventures.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?**

   The Company has taken the following initiatives viz. awareness generation among the employees to conserve and responsibly use electricity, Reduction of usage of energy (through installation of LED bulbs, energy efficient electrical equipment and also retrofication to LED lights in branch offices.), e-waste management and handling, distribution of sapling and paper conservation (e.g. Both side printing, re-use of papers) and paper waste recycling. These initiatives would directly or indirectly lead to reduced energy consumption. In our country, since energy is produced mostly with fossil fuel leading to emissions of greenhouse gases and global warming, energy conservation would significantly contribute to mitigation of global warming.

3. **Does the Company identify and assess potential environmental risks?**

   Yes, the Company assesses its environmental risks in multiple ways. We believe that at Magma, which is primarily an asset financing NBFC focusing on providing finance mainly to the semi-urban and rural areas and developing rural entrepreneurship, the scale and magnitude of the environmental and social risks may not match that of large project financing institutions or commercial banks. However, we recognize that, even smaller clients, be it individuals or SMEs, do have social and environmental risks; employment of child labour, illegal mining or quarrying leading to destruction of the environment, ground and water pollution on account of non-treatment of effluents are examples of some risks faced by a micro entrepreneur. While individually these risks may not be very high, cumulatively they may have a considerable impact on society.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details. Also, if yes, whether any environmental compliance report is filed?**

   As the nature of the Company's business is service oriented; feasibility of undertaking a Clean Development Mechanism (CDM) project is very limited. The Company has no project related to CDM.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.?**

   The Company has managed all the electrical equipment in a manner so that they help in conserving energy. The Company has initiated installation of LED lights in new and upcoming branches wherever possible. Company is also in the process of replacement of existing lights with LED lights in a phased manner.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes, all the primary wastes mainly paper and electronic are recycled to the maximum possible extent. The emissions and wastes of the Company are within the permissible limits of the laws applicable.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**
The Company has not received any such notice during the reporting year.

PRINCIPLE 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:**
The Company maintains a steady interface on matters concerning the Finance industry across the country through active participation in apex industry institutions including the following:

   - Bharat Chamber of Commerce (BCC)
   - Confederation of Indian Industry (CII)
   - Finance Industry Development Council (FIDC)
   - The Federation of Indian Chambers of Commerce and Industry (FICCI)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good?**
The Company made various representation to Reserve Bank of India (RBI) / Finance Ministry through the office of FIDC when views are solicited on various RBI guidelines pertaining to NBFC. The Company had also represented in past through FIDC to RBI that NBFC-AFCs should have identical limits as banks for credit delivery to the target segment of Priority Sector lending (PSL) and specific limits at concessional rates over and above the Maximum Permissible Banking Finance (MPBF) should be set up to enable such credit delivery.

PRINCIPLE 8: Businesses should support inclusive growth and equitable development

1. **Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8?**
Under the broader ambit of the CSR Policy, the Company continues to regularly identify and engage with all different sections of the communities, in which it operates, to promote equitable development and equip them with the necessary coping mechanisms to have a better life. Some of the notable initiatives are highlighted below:

i. Highways Heroes - Trucker's Initiative	• Covering Health and Sanitation A nation-wide initiative to help Indian truckers reduce their operating costs by improving their mileage, health checkup camp, tips on hygiene which causes many ailments and results into loss of man-day among truckers. Trained around 1.75 Lacs Truckers in approximately 250 Transport Nagars across the country
ii. M Scholar	• Provided financial assistance to over 300 meritorious students from low income families (daily wage earners/machine operators/household help) across the country to meet a part of their education and related expenses while pursuing higher studies
iii. Mid-Day Meal	• Provided support to "Annamrita" program which fights class room hunger for students from underprivileged families. We provided mid-day meal to 5750 students from Govt. schools located in West Bengal, Haryana, Maharashtra, Delhi, Andhra Pradesh, Jharkhand, Rajasthan etc. As part of the programme, hygienically cooked, balanced, nutritious, wholesome food is provided to the children for 10 months of the year.
iv. Ekal Vidyalaya Project	• Adopted 20 schools located in the village area and made it conducive for the kids' learning Teaching the children basic literacy and life skills to help them develop self-confidence and succeed in rural occupations and pursue higher education
v M Care-Mobile Health Camp	• Free Medical Check-up at various location in West Bengal, Andhra Pradesh, Telangana, Uttar Pradesh, Chattisgarh, Madhya Pradesh, Haryana, Faridabad etc. Have conducted around health camps and treated approx. 10000 patients
vi. Swayam	• Support to Svackshee Sansthan, an NGO to set up a pre-school centre for the slum kids • Provided books, toys and uniform for the kids of the Mewat District in Rajasthan • Kitchen renovation at a Mid Day Meal program school in Chandigarh • Constructed Science lab in a govt school, Chappar, Rajasthan • Conducted 200 cataract surgery in the remote area of West Bengal

2. **Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?**
CSR initiatives are implemented either directly by the Company or through implementing partners which include NGOs having an established track record of at least 3 years in carrying on the specific activity. The Company works with Petroleum Conservation Research Association (PCRA), Friends of Tribal Society (FTS), ISKCON Food Relief Foundation (IFRF) and Magma Foundation, registered Trust.

3. **Have you done any impact assessment of your initiative?**
We are in the process of selecting an independent agency for conducting the impact assessment study for our flagship projects.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

The Company's contribution to community development projects amounts to ₹ 292.98 lacs during the Financial Year 2018-19. Details of some of the major initiatives the Company has invested during the year are given in Point No. 1 above.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

The Company has taken care to ensure the sustainability of the project activities. We have a dedicated team whose job is to take the first hand feedback from the people who were part of our project. The team tries to meet them in person, do their pre and post project impact assessment, note the differences, identify the hurdles in the project and then try to reduce them while replicating the same at other locations. The CSR Committee of the Board meets annually to review the successful implementation of the CSR programs.

PRINCIPLE 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

We believe that to become India's leading asset finance company, customer service and satisfaction lies at the top of our prioritization pyramid. We constantly endeavour to provide world class products and service to our customers, especially when our customers need our help the most. To maintain our impeccable customer service performance, we strictly adhere to the following cornerstones while we cater to our customers:

1. Maintain complete transparency about the loan sanctioning process
2. Easy and fast documentation so that the loan is disbursed in a timely manner
3. Communication at all stages of loan disbursal to customers
4. Build and develop the best performing and efficient team to cater our customers
5. Empower frontline team to efficiently deal with customer requirement without having to depend on others
6. Enhance customer experience at every stage during his association with us

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year?

Customer complaints are treated very seriously in the organization. We hear our customers through various mediums such as emails to customercare@magma.co.in & headcustomerservice@magma.co.in, 8am to 8pm Call Centre through the toll free number – 1800 266 3202, websites, telephone, letter, Social Media & Branch. In our Company, 299 complaints were received and 10 complaints were pending during the FY 2018-19.

We proactively highlight complaints to respective verticals for faster resolution and also bring in process changes to reduce the opportunity for future complaints. In order to ensure that our customers understand our communication we have started servicing them in their preferred language from the call centre and also implemented all key customer communications via SMS in 10 regional languages

We have implemented Microsoft Dynamics CRM which provides group wide single screen view to enhance quality of customer service and improve customer experience. We collect customer feedback in a structured manner and work on the issues highlighted by customers. Process reengineering efforts are regularly undertaken to enhance customer experience. We have also assessed customer demand to create an algorithm based offer to our customers with good payment track record

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

The Company follows the highest standards of product and service responsibility. The Company complies fully with the regulations of the RBI for financial products. All notices and regulations are displayed at branches as per the requirements of the RBI. A comprehensive list of customer policies that the Company adheres to, are available on the Company's website at www.magma.co.in.

For the ease of understanding we have also uploaded the policy in regional languages and are also available at our branches for reference.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof.

During the last five years, stakeholders have not filed any complaint pertaining to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour against the Company.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

We drive the Company's customer satisfaction initiatives and measurement and regularly conduct customer satisfaction surveys through our call centre.

We have also evolved the process of conducting satisfaction surveys to clearly highlight the satisfaction scores at each stage of customer loan cycle with the organization so that we are able to bring in process efficacy at the appropriate stage to enhance customer satisfaction.

We have also conducted Survey for Customer Personal mapping to identify the exact need of customers and thereby evolve our process accordingly.

FINANCIAL STATEMENTS

Independent Auditors' Report

To the Members of Magma Fincorp Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Magma Fincorp Limited ('the Company'), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 50 (B) to the standalone financial statements regarding the Scheme of Amalgamation ('the Scheme') between Magma ITL Finance Limited ('Subsidiary') and the Company sanctioned by the National Company Law Tribunal ('NCLT'), Kolkata Bench vide its order dated 8 May 2018. The Company has accounted for the Scheme with effect from 1 April 2017, under the pooling of interest method as prescribed by Ind AS 103 'Business Combination'. Accordingly, the appointed date considered for accounting of the Scheme under Indian Accounting Standard ('Ind AS') is different from that prescribed by the NCLT, which had sanctioned the Scheme with binding effect from 1 October 2017. Had the Company accounted for the aforesaid Scheme with effect from 1 October 2017, the 'Other Equity' as at 1 April 2017 would have been lower by INR 2,482.94 lacs and the total comprehensive income (net of tax) for the previous financial year ended 31 March 2018 would have been lower by INR 5,096.45 lacs. Our opinion on the standalone financial statements is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report(Continued)

Transition date accounting policies

Refer to Note 53 to the Standalone Financial Statements: 'First time adoption of Ind AS'

Key audit matter	How the matter was addressed in our audit
Adoption of new accounting framework (Ind AS) Effective 1 April 2018, the Company adopted the Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. The following are the major impact areas for the Company upon transition: • Measurement of loan losses (expected credit losses) • Classification and measurement of financial assets and financial liabilities • Accounting for securitization and assignment transactions • Accounting for loan fees and costs • Common control transactions The migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date. We identified transition date accounting as a key audit matter because of significant degree of management judgment and application on the areas noted above.	Our key audit procedures included: **Design / controls** • We have confirmed the approvals of Audit Committee for the choices and exemptions made by the Company for compliance with IND AS 101. **Substantive tests** • Evaluated management's transition date choices and exemptions for compliance with under Ind AS 101. • Understood the methodology implemented by management to give impact on the transition. • Assessed the accuracy of the computations • Assessed areas of significant estimates and management judgment in line with principles under Ind AS.

Impairment of loans and other financial assets

Charge to the Statement of Profit and Loss: INR 26,241.44 lacs [Refer Note 34 to standalone the financial statements]

Provision as at 31 March 2019: INR 54,960.03 lacs [Refer Note 6 and Note 8 to the standalone financial statements]

The key audit matter	How the matter was addressed in our audit
Subjective estimate Recognition and measurement of impairment on loans and advances involve significant management judgement. With the applicability of Ind AS 109 credit loss assessment is now based on expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: • Segmentation of loan book; • Loan staging criteria; • Calculation of probability of default / Loss given default; • Consideration of probability weighted scenarios and forward looking macro-economic factors. • Compliance of disclosures with the applicable accounting standards	Our audit procedures included: **Design / controls** • Evaluation of the appropriateness of the impairment principles based on the requirements of Ind AS 109 • Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • We used our modelling specialist to test the model methodology and reasonableness of assumptions used. • Testing of management review controls over measurement of impairment allowances and disclosures in financial statements. **Substantives tests** • We focused on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.

Independent Auditors' Report(Continued)

	• Model calculations were tested through re-performance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and loss emergence periods

Valuation of financial instruments

Financial assets classified as Amortised cost: INR 1,182,240.77 lacs as at 31 March 2019
Financial assets classified as FVOCI: INR 234,577.18 lacs as at 31 March 2019

Refer Note 46 to the Financial Statements: 'Financial Instruments-Fair value and risk management'

Key audit matter	How the matter was addressed in our audit
Subjective estimate The fair value of financial instruments is determined through application of valuation techniques and the use of assumptions and estimates. Due to the significance of financial instruments and the related estimation uncertainty, this is also considered a key audit focus area. Key financial assets being fair valued include: • Loans accounted for as Fair value through Other Comprehensive Income ('FVOCI') – INR 234,577.18 lacs The effect of fair value adjustments impact the Other Comprehensive Income. Where observable data is not readily available, as in the case of level 3 financial instruments, then estimates need to be developed which can involve significant management judgement. The Company has developed its own models to value certain level 3 financial instruments, which also involve significant management judgement. We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing financial assets and the degree of judgement exercised by management in determining the inputs used in the valuation models.	Our key audit procedures included: • Assessing the design, implementation and operating effectiveness of management's key internal controls over the valuation process and inputs. • Engaging our internal valuation specialists to assist us in evaluating the valuation models used by the Company to value level 3 financial Instruments and to perform, on a sample basis, independent valuations of the financial instruments and compare these valuations with the Company's valuations. • Assessed the appropriateness of the valuation methodology and challenging the valuation model by testing the key inputs used such as discount factors. Compared the valuation methodology with the criteria in the Indian accounting standards. • Assessing whether the financial statement disclosures appropriately reflected the Company's exposure to financial instrument valuation risk with reference to the requirements of the Indian Accounting standards.

IT Systems and Controls

The key audit matter	How the matter was addressed in our audit
The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. Due to the large transaction volumes and the increasing challenge to protect the integrity of the Company's systems and data, cyber security has become more significant. We have focused on user access management, program change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems	**Our response** Our audit procedures to assess the IT system management included the following: **General IT controls / user access management** • We tested key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and program change management and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, user role modification, periodic user access review, revocation of user rights and preventative controls designed to enforce segregation of duties.

Independent Auditors' Report(Continued)

	• For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation • Other areas that were independently assessed included password policies, security configurations, controls over changes to applications and databases and controls over segregation of duties between development and production environment.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

Independent Auditors' Report(Continued)

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ('the Order') issued by the Central Government in terms of section 143 (11) of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows 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 Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

Independent Auditors' Report(Continued)

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.

(B) With respect to the other matters to be included in the Auditors' 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 as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 44 to the standalone financial statements;

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

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

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

Manoj Kumar Vijai
Partner
Membership Number: 046882

Place: Mumbai
Date: 15 May 2019

Annexure A to the Independent Auditors' Report

(i) The Annexure referred to in the Independent Auditors' Report to the members of Magma Fincorp Limited ('the Company') on the standalone financial statements for the year ended 31 March 2019, we report that:

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

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 our opinion, the periodicity of the physical verification is reasonable having regards to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment, as disclosed in Note 11 to the annual standalone financial statements are held in the name of the Company, except for the following:

(₹ in Lacs)

Particulars (Buildings)	**Amount**
Total number of cases	3
Gross block as at 31 March 2019	1,258.96
Net block as at 31 March 2019	1,194.64

(ii) The Company is a Non-Banking Finance Company ('NBFC'), primarily engaged in the business of financing. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company

(iii) The Company has granted loans to one company covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

a) In our opinion and according to the information and explanations given to us, the terms and conditions on which the loans had been granted to the company listed in the register maintained under section 189 of the Act are not prejudicial to the interest of the Company.

b) In the case of loans granted to the company listed in the register maintained under section 189 of the Act, the borrower has been regular in the repayment of the principal and payment of interest, wherever stipulated.

c) There is no overdue amount of the loan granted to the Company listed in the register maintained under section 189 of the Act.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not undertaken any transaction in respect of loans, guarantees and securities covered under section 185 of the Act. The Company has complied with section 186(1) of the Act in relation to investments made by the Company. The remaining provisions related to section 186 of the Act do not apply to the Company as it is an NBFC registered with the Reserve Bank of India ('RBI').

(v) The Company is an NBFC and consequently is exempt from provisions of section 73 to section 76 of the Act. Thus, paragraph 3(v) of the Order is not applicable to the Company.

(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 Companies Act, 2013, 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, goods and service 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 ranging from 1 day to 61 days with respect to deposit of professional tax with appropriate authorities. With the advent of Central Goods and Services Tax Act, 2017 and the respective State Goods and Services tax Act, Service tax, and value added tax have been subsumed into goods and services tax. As explained to us, the Company did not have any dues on account of Sales-tax, duty of customs and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, employees' State Insurance, Income -tax, goods and service tax, cess and other material statutory dues were in arrears, as at 31 March 2019, for a period of more than six months

Annexure A to the Independent Auditors' Report
(Continued)

from the date they became payable, As explained to us, the Company did not have any dues on account of Sales-tax, duty of customs and duty of excise.

b) According to the information and explanations given to us there are no material dues of cess and other material statutory dues which have not been deposited by the Company with the appropriate authorities on account of any disputes. However, according to the information and explanations given to us, the following dues of income tax, service tax and value added tax, have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Paid under Protest Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	136.34	-	2010-11 and 2013-14	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	81.06	75.12	2011-12 and 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	99.42	10.95	2014-15 to 2015-16	Commissioner of Income Tax (Appeals)
Finance Act , 1994	Service Tax	208.00	93.00	2002-03 to 2005-06	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Kolkata
Finance Act , 1994	Service Tax	131.77	8.09	2008-09 to 2011-12	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Kolkata
Finance Act , 1994	Service Tax	184.52	-	2010-11 to 2013-14	High Court, Kolkata
West Bengal Value Added Tax Act, 2003	VAT	13.72	6.86	2008-09	West Bengal Taxation Tribunal, Kolkata
West Bengal Value Added Tax Act, 2003	VAT	21.73	7.21	2009-10 and 2013-14	West Bengal Commercial Taxes Appellate and Revisional Board
Rajasthan Value Added Tax Act, 2003	VAT	44.60	1.10	2013-14 to 2016-17	Appellate Authority, Rajasthan
The Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Entry Tax	1.43	-	2015-16	Jurisdictional Authority
Jharkhand Value Added Tax Act, 2005	VAT	21.57	4.30	2006-07 to 2009-10	Sales Tax Tribunal, Jharkhand, Ranchi
Madhya Pradesh Value Added Tax Act, 2002	VAT	133.75	-	2008-09 to 2009-10	Madhya Pradesh High Court, Jabalpur
Orissa Value Added Tax, 2004	VAT	68.89	11.48	2007-08 to 2011-12	Sales Tax Tribunal, Orissa
Delhi Value Added Tax Act, 2004	VAT	16.26	-	2012-13	Delhi Commissioner of Tax
Delhi Value Added Tax Act, 2004	VAT	33.11	2.59	2013-14	Sales Tax Tribunal, Delhi
The Maharashtra Value Added Tax Act, 2002	VAT	850.78	-	2013-14	Bombay High Court

Annexure A to the Independent Auditors' Report

(Continued)

As explained to us, the Company did not have any dues on account of Sales-tax, duty of customs and duty of excise

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions, banks or to debenture holders during the year. The Company did not have any outstanding loans or borrowings from the government during the year.

(ix) In our opinion and according to the information and explanations given to us, term loans were applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for 10 cases aggregating to INR 160.54 lacs, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees noticed or reported during the year, nor have we been informed of such case by the Management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Thus, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and details of such related party transactions have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the Management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the private placement of equity shares during the year. According to the information and explanations given by the Management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the director or persons connected with him. Thus, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company on 23 September 2008.

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

Manoj Kumar Vijai
Partner
Membership Number: 046882

Place: Mumbai
Date: 15 May 2019

Annexure B to the Independent Auditors' Report

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Opinion

We have audited the internal financial controls with reference to financial statements of Magma Fincorp Limited ('the Company') as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as 'the Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of

Annexure B to the Independent Auditors' Report
(Continued)

management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Manoj Kumar Vijai
Partner
Membership Number: 046882

Place: Mumbai
Date: 15 May 2019

Balance Sheet

as at 31st March, 2019

(₹ in Lacs)

	Note	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
ASSETS				
1 Financial assets				
Cash and cash equivalents	3	56,741.02	9,270.23	12,700.12
Bank balance other than cash and cash equivalents	4	36,528.10	30,509.64	28,397.74
Receivables	5			
(i) Trade receivables		868.18	215.74	480.04
(ii) Other receivables		228.80	156.15	206.45
Loans	6	1,313,785.40	1,215,436.36	1,215,104.30
Investments	7	30,242.16	30,556.57	29,845.03
Other financial assets	8	13,528.75	14,647.66	17,820.43
Total financial assets		**1,451,922.41**	**1,300,792.35**	**1,304,554.11**
2 Non-financial assets				
Current tax assets (net)	9	10,737.97	9,629.94	8,770.19
Deferred tax assets (net)	10	14,359.17	24,536.19	19,351.96
Property, plant and equipment	11	15,796.90	16,343.31	18,315.31
Capital work-in-progress	12	259.19	11.58	120.96
Intangible assets under development	13	94.64	96.27	427.94
Other intangible assets	14	2,559.43	2,763.37	2,786.87
Other non-financial assets	15	3,375.05	2,639.13	2,755.87
Total non-financial assets		**47,182.35**	**56,019.79**	**52,529.10**
Total assets		**1,499,104.76**	**1,356,812.14**	**1,357,083.21**
LIABILITIES AND EQUITY				
LIABILITIES				
1 Financial liabilities				
Derivative financial instruments	16	-	59.57	-
Trade Payables	17			
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		36,487.06	31,889.68	21,774.10
Debt securities	18	36,279.16	24,233.10	53,801.32
Borrowings (other than debt securities)	19	1,047,286.77	983,346.16	963,758.77
Subordinated liabilities	20	91,404.98	102,223.97	110,518.76
Other financial liabilities	21	23,720.40	24,563.27	34,632.33
Total financial liabilities		**1,235,178.37**	**1,166,315.75**	**1,184,485.28**
2 Non-financial liabilities				
Current tax liabilities (net)	22	1,096.56	1,352.03	683.72
Provisions	23	1,215.68	1,200.80	1,287.17
Other non-financial liabilities	24	6,034.02	6,865.86	7,565.41
Total non-financial liabilities		**8,346.26**	**9,418.69**	**9,536.30**
EQUITY				
Equity share capital	25	5,386.48	4,740.57	4,739.19
Other equity	26	250,193.65	176,337.13	158,322.44
Total equity		**255,580.13**	**181,077.70**	**163,061.63**
Total liabilities and equity		**1,499,104.76**	**1,356,812.14**	**1,357,083.21**
Significant accounting policies	2			
Notes to the financial statements	3 - 58			
The accompanying notes are 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
ICAI Firm Registration No.: 101248W/ W-100022

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Manoj Kumar Vijai
Partner
Membership No. 046882
Place : Mumbai
Date : 15 May 2019

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Place : Mumbai
Date : 15 May 2019

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

(₹ in Lacs)

		Note	For the year ended 31 March 2019	For the year ended 31 March 2018
	Revenue from operations			
	Interest income	27	203,654.55	193,186.33
	Rental income	28	2,768.78	2,777.07
	Fees and commission income	29	8,446.93	7,351.32
	Net gain on fair value changes	30	567.41	1,306.19
	Net gain on derecognition of financial instruments	31	7,676.93	1,697.18
(I)	**Total revenue from operations**		**223,114.60**	**206,318.09**
(II)	Other income	32	5,359.96	3,527.58
(III)	**Total income (I+II)**		**228,474.56**	**209,845.67**
	Expenses			
	Finance costs	33	101,764.01	101,255.26
	Impairment on financial instruments	34	26,241.44	29,658.68
	Employee benefits expenses	35	38,040.90	33,059.77
	Depreciation, amortisation and impairment	36	5,015.63	4,898.60
	Others expenses	37	17,124.67	17,264.66
(IV)	**Total expenses**		**188,186.65**	**186,136.97**
(V)	**Profit before tax (III-IV)**		**40,287.91**	**23,708.70**
(VI)	**Tax expense:**			
	Current tax - current year	10	2,117.00	9,010.00
	- earlier year		383.10	(216.81)
	Deferred tax	10	10,274.94	(5,207.03)
			12,775.04	**3,586.16**
(VII)	**Profit for the year (V-VI)**		**27,512.87**	**20,122.54**
(VIII)	**Other comprehensive income**			
A	(i) Items that will not be reclassified to profit or loss			
	- Remeasurement of the defined benefit plans		(188.65)	(73.10)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		65.92	12.70
	Subtotal (A)		**(122.73)**	**(60.40)**
B	(i) Items that will be reclassified to profit or loss			
	- Debt instruments through other comprehensive income		(91.56)	100.69
	(ii) Income tax relating to items that will be reclassified to profit or loss		32.00	(35.50)
	Subtotal (B)		**(59.56)**	**65.19**
	Other comprehensive income (A + B)		**(182.29)**	**4.79**
(IX)	**Total comprehensive income for the year**		**27,330.58**	**20,127.33**
(X)	**Earnings per equity share**			
	Basic (₹)	41	10.25	8.49
	Diluted (₹)	41	10.24	8.47
	Significant accounting policies	2		
	Notes to the financial statements	3 - 58		
	The accompanying notes are an integral part of these financial statements			

As per our report of even date attached

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

Manoj Kumar Vijai
Partner
Membership No. 046882

Place : Mumbai
Date : 15 May 2019

For and on behalf of the Board of Directors

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Place : Mumbai
Date : 15 May 2019

Statement of Cash Flows
for the year ended 31 March 2019

(₹ in Lacs)

		For the year ended 31 March 2019	For the year ended 31 March 2018
A.	**Cash flow from operating activities**		
	Profit for the period	**40,287.91**	**23,708.70**
	Adjustments for :		
	Depreciation and amortisation expense	5,015.63	4,898.60
	Impairment on financial assets	26,241.44	29,658.68
	Gain on sale of investments	(245.19)	-
	Net gain on fair value changes	(567.41)	(1,306.19)
	Profit on sale of fixed assets	(43.28)	(190.35)
	Intangible assets under development written-off	19.84	597.69
	Employee share based compensation expense	739.45	129.06
	Others	(256.98)	-
	Operating cash flow before working capital changes	**71,191.41**	**57,496.19**
	Movement in working capital:		
	(Increase)/decrease in receivables	(725.09)	314.60
	(Increase) in loans	(125,043.99)	(29,930.03)
	(Increase)/decrease in other financial assets	(300.77)	2,440.37
	(Increase)/decrease in other non financial assets	(735.92)	116.74
	Increase in trade payables	4,854.36	10,115.58
	(Decrease) in other financial liabilities	(2,657.29)	(9,646.26)
	(Decrease) in provisions	(173.77)	(159.47)
	(Decrease) in other non financial liabilities	(831.84)	(699.55)
	Net cash (used in)/generated from operating activities before taxes	**(54,422.90)**	**30,048.17**
	Income taxes paid (net of refunds)	(3,863.60)	(8,984.63)
	Net cash (used in)/generated from operating activities (A)	**(58,286.50)**	**21,063.54**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment	(4,479.43)	(4,381.72)
	Proceeds from sale of property, plant and equipment	870.61	2,521.72
	Purchase of intangible assets	(879.00)	(1,009.39)
	Redemption of fixed deposits	58,774.60	26,191.95
	Investment in fixed deposits	(64,793.06)	(28,303.85)
	Investment in joint venture	(2,055.56)	-
	Proceeds from sale of investments	4,904.63	1,426.60
	Net cash (used in) investing activities (B)	**(7,657.21)**	**(3,554.69)**

Statement of Cash Flows (Continued)

for the year ended 31 March 2019

(₹ in Lacs)

	For the year ended 31 March 2019	For the year ended 31 March 2018
C. Cash flow from financing activities		
Proceeds from issue of long-term debentures	27,000.00	21,100.00
Redemption of long-term debentures	(26,030.00)	(59,200.00)
Proceeds from long term borrowings	75,113.85	37,588.31
Repayment of long term borrowings	(56,964.73)	(76,808.10)
Repayment of inter - corporate deposits - subsidiary	-	(3,500.00)
Proceeds from long term borrowings - pass through certifcate	281,013.72	181,197.66
Repayment of long term borrowings - pass through certifcate	(192,513.90)	(181,752.07)
(Repayment)/proceeds - loan repayable on demand (net) (refer note b)	(40,639.74)	62,673.50
Proceeds from issue of equity shares including securities premium	49,029.51	41.40
Dividend paid (including tax thereon)	(2,594.21)	(2,279.44)
Net cash generated from /(used in) financing activities (C)	**113,414.50**	**(20,938.74)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**47,470.79**	**(3,429.89)**
Cash and cash equivalents at the beginning of the year	9,270.23	12,700.12
Cash and cash equivalents at the end of the year	**56,741.02**	**9,270.23**

(a) Cash and cash equivalents consist of cash on hand, balance with banks and deposits with banks. Please refer Note 3 for detailed disclosure.
(b) The figures has been presented on a net basis as the transactions during the year are voluminous.

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) on 'Statement of Cash Flows'.

As per our report of even date attached

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

Manoj Kumar Vijai
Partner
Membership No. 046882

Place : Mumbai
Date : 15 May 2019

For and on behalf of the Board of Directors

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Place : Mumbai
Date : 15 May 2019

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

a. Equity share capital

(₹ in Lacs)

Balance as at 1 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
4,739.19	1.38	4,740.57	645.91	5,386.48

b. Other equity

(₹ in Lacs)

Particulars	Reserve and Surplus						Items of other comprehensive income	Total
	Statutory Reserves	Capital Reserve	Securities Premium	Capital Redemption reserve	Share option Outstanding	Retained Earnings	Debt instruments through Other Comprehensive Income	
Balance as at 1 April 2017	**24,340.00**	**480.22**	**132,173.31**	**1,421.84**	**258.34**	**(412.49)**	**61.22**	**158,322.44**
Profit for the year	-	-	-	-	-	20,122.54	-	20,122.54
Other comprehensive (loss)/income for the year	-	-	-	-	-	(60.40)	65.19	4.79
Dividend paid	-	-	-	-	-	(2,281.72)	-	(2,281.72)
Transfer to/(from) retained earnings	4,110.00	-	-	-	-	(4,110.00)	-	-
Equity settled share based payment	-	-	67.01	-	102.07	-	-	169.08
Balance as at 31 March 2018	**28,450.00**	**480.22**	**132,240.32**	**1,421.84**	**360.41**	**13,257.93**	**126.41**	**176,337.13**
Profit for the year	-	-	-	-	-	27,512.87	-	27,512.87
Other comprehensive loss for the year	-	-	-	-	-	(122.73)	(59.56)	(182.29)
Dividend paid	-	-	-	-	-	(2,597.11)	-	(2,597.11)
Transfer to/(from) retained earnings	5,510.00	-	-	-	-	(5,510.00)	-	-
Net proceeds from issue of shares	-	-	48,361.84	-	-	-	-	48,361.84
Equity settled share based payment	-	-	46.58	-	714.63	-	-	761.21
Balance as at 31 March 2019	**33,960.00**	**480.22**	**180,648.74**	**1,421.84**	**1,075.04**	**32,540.96**	**66.85**	**250,193.65**

Note 26 describes the purpose of each reserve within equity

Significant accounting policies	2
Notes to the financial statements	3 - 58

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

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

Manoj Kumar Vijai
Partner
Membership No. 046882
Place : Mumbai
Date : 15 May 2019

For and on behalf of the Board of Directors

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Place : Mumbai
Date : 15 May 2019

Notes
to the Financial Statements

Note 1: Company Overview
Background
Magma Fincorp Limited ('the Company'), incorporated in Kolkata and headquartered in Mumbai, 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. The Company is also registered as a corporate agent under Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange.

Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements:
a) Basis of preparation
The financial statements for the year ended March 31, 2019 have been prepared by the Company in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended from time to time, in this regard.

For periods up to and including the year ended March 31, 2018, the Company presented its financial statements under the historical cost convention and accrual basis of accounting complying with the provisions of the Companies Act 2013, and are in accordance with generally accepted accounting principles in India ('Indian GAAP' or 'previous GAAP').

The financial statements for the year ended March 31, 2019 are the first financial statements of the Company prepared under Ind AS. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 53.

The Company consistently applies the following accounting policies to all periods presented in these financial statements, unless otherwise stated.

b) Functional and Presentation currency
These financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency. All amounts have been denominated in lacs and rounded off to the nearest two decimal, except when otherwise indicated.

c) Historical cost convention
The financial statements have been prepared on a historical cost basis, except for the following material items:

- Financial assets at Fair value through other comprehensive income (FVTOCI) that is measured at fair value
- Financial instruments at Fair value through profit and loss (FVTPL) that is measured at fair value
- Net defined benefit (asset)/ liability - fair value of plan assets less present value of defined benefit obligation

d) Significant areas of estimation uncertainty, critical judgements and assumptions in applying accounting policies
In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities and assets) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Key sources of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

- Note 47 - Impairment of financial instruments: determining inputs into the Expected Credit Loss (ECL) model, including incorporation of forward looking information and assumptions used in estimating recoverable cash flows
- Note 46 - determination of the fair value of financial instruments with significant unobservable inputs
- Note 39 - measurement of defined benefit obligations: key actuarial assumptions
- Note 10 - recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used

e) Revenue recognition
Interest income from financial assets (assets on finance) is recognised on accrual basis using Effective Interest Rate ('EIR') method. The EIR is the rate that discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset adjusted for upfront expenses and incomes attributable to the acquisition of the financial asset.

Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

The interest income is recognised on EIR method on a time proportion basis applied on the carrying amount for financial assets including credit impaired financial assets.

Income from direct assignment transactions represents the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI.

Overdue interest and other charges are treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

Recovery from bad debts written off is recognised as income on actual realisation from customers.

For revenue recognition from leasing transactions of the Company, refer Note 40 on Leases below.

Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

Income from collection and support services is recognised over time as the services are rendered as per the terms of the contract.

Fair value changes from security receipts is recognised in the revenue from operations.

Income from power generation is recognised based on the unit's generated (point in time) as per the terms of the respective power purchase arrangements with respective State Electricity Boards.

Dividend is recognised when the right to receive the dividend is established.

Other income

All other items of income are accounted for on accrual basis.

f) Financial instruments

I) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

II) Classifications

Financial assets

A financial asset is classified as subsequently measured at either amortised cost or fair value through other comprehensive income ('FVTOCI') or fair value through profit and loss (FVTPL), depending on the contractual cash flow characteristics of the financial assets and the Company's business model for managing the financial assets.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial instruments at Amortised Cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Other Comprehensive Income ('FVTOCI')

A financial asset is measured at FVTOCI only if both of the following conditions are met:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Profit and Loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVTPL.

Equity Investments

All equity investments other than equity investments in subsidiaries / associates / joint ventures are measured

Notes
to the Financial Statements (Continued)

Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

at FVTPL. These include all equity investments in scope of Ind AS 109.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or fair value through profit or loss, as appropriate.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

III) Subsequent measurement

Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR method of discount or premium on acquisition and fees or costs that are an integral part of the EIR and, for financial assets, adjusted for any loss allowance.

Fair Valuation

Fair value is the price that is expected to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date or, in its absence, the most advantageous market to which the Company has access at that date.

In the absence of quoted price in an active market, the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

IV) De-recognition of financial assets and financial liabilities

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. The Company continues to recognise the assets on finance on books which has been securitized under pass through arrangement and does not meet the de-recognition criteria.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of the consideration received (including the value of any new asset obtained less any new liability assumed).

Financial liabilities

The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

V) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

VI) Impairment of Financial Assets

The Company recognises impairment allowances for Expected Credit Loss (ECL) on all the financial assets that are not measured at FVTPL:

Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

ECL are probability weighted estimate of future credit losses based on the staging of the financial asset to reflect its credit risk. They are measured as follows:

- Stage 1: financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- Stage 2: financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- Stage 3: financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows.

The above impairment allowance method meets the Master Direction – Non-Banking Financial Company – Systemically important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 1st September 2016.

Financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised as income in profit or loss.

g) Investment in subsidiaries, associates and joint ventures

The Company accounts for its investments in subsidiaries, associates and joint ventures at cost less accumulated impairment, if any.

h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

I) The Company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

II) The Company as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

i) Employee benefits

I) Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

II) Post-employment benefits

Defined contribution plans

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.

Defined benefit plans

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

Notes
to the Financial Statements (Continued)

Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

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. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements and the change in defined benefit plan asset is split between interest income and re-measurements. Changes due to service cost and net interest cost / income is recognised in the statement of profit and loss. Re-measurements of net defined benefit liability / (asset) which comprise of the below are recognised in other comprehensive income:

- Actuarial gains and losses;
- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

III) Other long term employee benefits

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. The expenses and actuarial gain / loss on account of the above benefit plans are recognised in the Statement of Profit and Loss on the basis of actuarial valuation.

IV) Share-based payment arrangements - Employee stock options

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

J) Income taxes

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 temporary differences between tax base and book base). It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

I) Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. 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.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

II) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company:

Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

- has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

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.

k) Property, plant and equipment and Investment property

Recognition and measurement

Property, plant and equipment held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. All assets given on operating lease are shown at the cost of acquisition less accumulated depreciation.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment Property consists of building let out to earn rentals. The Company follows cost model for measurement of investment property.

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 prorata basis from the date of installation till the date the assets are sold or disposed.

Freehold land is not depreciated. 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.

For the following class of assets, based on internal assessment, the management believes that the useful lives 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:

Desktop	6 years
Laptops / Hand Held Device	4 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

De-recognition

An item of property, plant and equipment or investment property is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment or investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Transition to Ind AS

The Company has elected to continue with the carrying value of all of its property, plant and equipment and investment property recognised as of 1 April, 2017 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

l) Intangible assets

Recognition and measurement

Intangible assets with finite useful lives that are acquired separately are capitalised and carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or

Notes
to the Financial Statements (Continued)

Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is de-recognised.

Transition to Ind AS

The Company has elected to continue with the carrying value of all of its intangible asset recognised as of 1 April, 2017 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

m) Impairment of non-financial assets

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.

n) Foreign currency transactions

Transactions in foreign currency are translated into the functional currency of the Company at the exchange rates prevailing on the date of the transaction. The foreign currency borrowing being a monetary liability is restated to INR (being the functional currency of the Company) at the prevailing rates of exchange at the end of every reporting period with the corresponding exchange gain/ loss being recognised in profit or loss.

o) Provisions and contingencies related to claims, litigation, etc.

A provision is recognised if, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

I) 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.

II) Contingencies related to claims, litigation, etc.

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.

p) 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 disclosed in the financial statements where an inflow of economic benefits is probable.

q) Cash and cash equivalent

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

r) 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 future, 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 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. Refer note 51 for details on segment information presented.

t) Standards issued but not yet effective

Ind AS 116 Leases

Ind AS 116 Leases was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Company is currently assessing the impact of adopting Ind AS 116 on the Company's financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1 April, 2019. The Company will adopt the standard on 1 April, 2019.

The Company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 12 – Income taxes: On 30 March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequence of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after 1 April, 2019. The Company is evaluating the impact on account of this amendment.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement- On 30 March, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Company is evaluating the impact on account of this amendment.

Notes
to the Financial Statements (Continued)

Note 3 : Cash and cash equivalents

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash on hand	4,620.06	4,025.76	5,433.26
Balances with banks			
In current accounts	2,120.96	3,546.78	5,642.59
In deposits with original maturity of 3 months or less	50,000.00	1,697.69	1,624.27
Total	**56,741.02**	**9,270.23**	**12,700.12**

Note 4 : Bank balance other than cash and cash equivalents

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Unpaid dividend account (Earmarked)	37.46	34.56	32.28
Bank balance other than cash and cash equivalents			
In deposits with original maturity of 3 months or less	1,393.11	232.65	522.00
In deposits with original maturity of more than 3 months	35,097.53	30,242.43	27,843.46
Total	**36,528.10**	**30,509.64**	**28,397.74**

Balances with banks held as security against borrowings, guarantees amounts to ₹ 2,287.00 lacs (31 March 2018: ₹ 2,619.49 lacs and 1 April 2017: ₹ 2,534.00 lacs) and as cash collateral for securitisation of receivables amounts to ₹ 32,050.94 lacs (31 March 2018: ₹ 27,771.61 lacs and 1 April 2017: ₹ 25,390.56 lacs).

Note 5 : Receivables

(₹ in Lacs)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i)	**Trade receivables**			
	Receivables considered good - Unsecured	868.18	215.74	480.04
	Less: Impairment loss allowance	-	-	-
	Sub-total - (i)	**868.18**	**215.74**	**480.04**
(ii)	**Other receivables**			
	Receivables considered good - Unsecured	228.80	156.15	206.45
	Less: Impairment loss allowance	-	-	-
	Sub-total - (ii)	**228.80**	**156.15**	**206.45**
	Total - (i + ii)	**1,096.98**	**371.89**	**686.49**

Note 6 : Loans

(₹ in Lacs)

	Amortised Cost	At Fair Value through other comprehensive income	Total
As at 31 March 2019			
(A) (i) Term loans	1,099,104.42	249,243.33	1,348,347.75
(ii) Leasing	18,782.10	-	18,782.10
(iii) Others			
- Staff loans	49.01	-	49.01

Notes
to the Financial Statements (Continued)

Note 6 : Loans (Contd.)

(₹ in Lacs)

			Amortised Cost	At Fair Value through other comprehensive income	Total
As at 31 March 2019					
		Total (A) -Gross	**1,117,935.53**	**249,243.33**	**1,367,178.86**
		Less: Impairment loss allowance	38,727.31	14,666.15	53,393.46
		Total (A) - Net	**1,079,208.22**	**234,577.18**	**1,313,785.40**
(B)	(i)	Secured by tangible assets *	1,117,886.52	40,804.65	1,158,691.17
	(ii)	Unsecured	49.01	208,438.68	208,487.69
		Total (B) - Gross	**1,117,935.53**	**249,243.33**	**1,367,178.86**
		Less: Impairment loss allowance	38,727.31	14,666.15	53,393.46
		Total (B) - Net	**1,079,208.22**	**234,577.18**	**1,313,785.40**
(C)		**Loans in India**			
	(i)	Public sector	-	-	-
	(ii)	Others	1,117,935.53	249,243.33	1,367,178.86
		Total (C) - Gross	**1,117,935.53**	**249,243.33**	**1,367,178.86**
		Less: Impairment loss allowance	38,727.31	14,666.15	53,393.46
		Total (C) -Net	**1,079,208.22**	**234,577.18**	**1,313,785.40**

* Secured by underlying assets financed

Effective 1 July 2018, SME loan portfolio has been reclassified from amortised cost category to FVOCI. Primary reason for reclassification is change in business model, which is based on Management's intent and volume of direct assignment transactions done during the year. Consequently, gain/loss on fair valuation has been recognised in other comprehensive income.

(₹ in Lacs)

			Amortised Cost	At Fair Value through other comprehensive income	Total
As at 31 March 2018					
(A)	(i)	Term loans	1,223,943.71	67,912.69	1,291,856.40
	(ii)	Leasing	19,774.20	-	19,774.20
	(iii)	Others			
		- Staff loans	126.34	-	126.34
		Total (A) -Gross	**1,243,844.25**	**67,912.69**	**1,311,756.94**
		Less: Impairment loss allowance	91,956.66	4,363.92	96,320.58
		Total (A) - Net	**1,151,887.59**	**63,548.77**	**1,215,436.36**
(B)	(i)	Secured by tangible assets *	1,046,044.48	67,912.69	1,113,957.17
	(ii)	Unsecured	197,799.77	-	197,799.77
		Total (B) - Gross	**1,243,844.25**	**67,912.69**	**1,311,756.94**
		Less: Impairment loss allowance	91,956.66	4,363.92	96,320.58
		Total (B) - Net	**1,151,887.59**	**63,548.77**	**1,215,436.36**
(C)		**Loans in India**			
	(i)	Public sector	-	-	-
	(ii)	Others	1,243,844.25	67,912.69	1,311,756.94
		Total (C) - Gross	**1,243,844.25**	**67,912.69**	**1,311,756.94**
		Less: Impairment loss allowance	91,956.66	4,363.92	96,320.58
		Total (C) -Net	**1,151,887.59**	**63,548.77**	**1,215,436.36**

* Secured by underlying assets financed

Notes
to the Financial Statements (Continued)

Note 6 : Loans (Contd.)

(₹ in Lacs)

			Amortised Cost	At Fair Value through other comprehensive income	Total
As at 1 April 2017					
(A)	(i)	Term loans	1,195,389.54	83,420.19	1,278,809.73
	(ii)	Leasing	28,492.53	-	28,492.53
	(iii)	Others			
		- Staff loans	332.83	-	332.83
		Total (A) -Gross	**1,224,214.90**	**83,420.19**	**1,307,635.09**
		Less: Impairment loss allowance	88,026.32	4,504.47	92,530.79
		Total (A) - Net	**1,136,188.58**	**78,915.72**	**1,215,104.30**
(B)	(i)	Secured by tangible assets *	1,030,224.61	83,420.19	1,113,644.80
	(ii)	Unsecured	193,990.29	-	193,990.29
		Total (B) - Gross	**1,224,214.90**	**83,420.19**	**1,307,635.09**
		Less: Impairment loss allowance	88,026.32	4,504.47	92,530.79
		Total (B) - Net	**1,136,188.58**	**78,915.72**	**1,215,104.30**
(C)		**Loans in India**			
	(i)	Public sector	-	-	-
	(ii)	Others	1,224,214.90	83,420.19	1,307,635.09
		Total (C) - Gross	**1,224,214.90**	**83,420.19**	**1,307,635.09**
		Less: Impairment loss allowance	88,026.32	4,504.47	92,530.79
		Total (C) -Net	**1,136,188.58**	**78,915.72**	**1,215,104.30**

* Secured by underlying assets financed

Note 7 : Investments

(₹ in Lacs)

	Amortised Cost	At Fair Value through profit or loss	Others*	Total
As at 31 March 2019				
(A) Mutual funds	-	-	-	-
Government securities	0.16	-	-	0.16
Equity instruments	-	0.99	-	0.99
Subsidiaries	-	-	21,970.94	21,970.94
Joint ventures	-	-	8,270.07	8,270.07
Total – Gross (A)	**0.16**	**0.99**	**30,241.01**	**30,242.16**
(B) Investments in India	0.16	0.99	30,241.01	30,242.16
Total – Gross (B)	**0.16**	**0.99**	**30,241.01**	**30,242.16**
Less: Allowance for impairment loss (C)	-	-	-	-
Total – Net D= (A)-(C)	**0.16**	**0.99**	**30,241.01**	**30,242.16**

* The Company accounts for its investments in subsidiaries, associates and joint ventures at deemed cost (carrying value of previous GAAP) in accordance with Ind AS 101.

Note 7 : Investments (Contd.)

(₹ in Lacs)

	Amortised Cost	At Fair Value through profit or loss	Others*	Total
As at 31 March 2018				
(A) Mutual funds	-	-	-	-
Government securities	0.16	-	-	0.16
Equity instruments	-	2,283.27	-	2,283.27
Subsidiaries	-	-	21,970.94	21,970.94
Joint ventures	-	-	6,302.20	6,302.20
Total – Gross (A)	**0.16**	**2,283.27**	**28,273.14**	**30,556.57**
(B) Investments in India	0.16	2,283.27	28,273.14	30,556.57
Total – Gross (B)	**0.16**	**2,283.27**	**28,273.14**	**30,556.57**
Less: Allowance for impairment loss (C)	-	-	-	-
Total – Net D= (A)-(C)	**0.16**	**2,283.27**	**28,273.14**	**30,556.57**

(₹ in Lacs)

	Amortised Cost	At Fair Value through profit or loss	Others*	Total
As at 1 April 2017				
(A) Mutual funds	-	10.79	-	10.79
Government securities	0.16	-	-	0.16
Equity instruments	-	1,560.94	-	1,560.94
Subsidiaries	-	-	21,970.94	21,970.94
Joint ventures	-	-	6,302.20	6,302.20
Total – Gross (A)	**0.16**	**1,571.73**	**28,273.14**	**29,845.03**
(B) Investments in India	0.16	1,571.73	28,273.14	29,845.03
Total – Gross (B)	**0.16**	**1,571.73**	**28,273.14**	**29,845.03**
Less: Allowance for impairment loss (C)	-	-	-	-
Total – Net D= (A)-(C)	**0.16**	**1,571.73**	**28,273.14**	**29,845.03**

* The Company accounts for its investments in subsidiaries, associates and joint ventures at deemed cost (carrying value of previous GAAP) in accordance with Ind AS 101.

Note 8 : Other financial assets

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Accrued interest / financial charges	292.86	189.39	220.92
Advances recoverable	796.46	1,286.54	1,635.79
Trade advance	2,112.09	2,590.71	2,730.91
Excess interest spread receivable (refer note 46)	5,111.15	4,261.87	6,178.86
Security deposits	847.14	756.18	774.87
Advances to related parties #	1,007.94	718.71	821.11
Others	4,927.68	6,672.78	7,471.20
Less: Impairment loss allowance *	(1,566.57)	(1,828.52)	(2,013.23)
	13,528.75	**14,647.66**	**17,820.43**

* Includes allowance created against advance recoverable of ₹ 505.27 lacs (31 March 18: ₹ 505.27 lacs, 1 April 2017: ₹ 500.00 lacs) and expected credit loss against excess interest spread (EIS) receivable of ₹ 45.06 lacs (31 March 18: ₹ 35.35 lacs, 1 April 2017: ₹ 52.20 lacs) and trade advance of ₹ 1,016.24 lacs (31 March 18: ₹ 1,287.90 lacs, 1 April 2017: ₹ 1,461.03 lacs).

Includes advance given to a private limited company in which director of the Company is a director / member. (Refer Note 43)

Notes
to the Financial Statements (Continued)

Note 9 : Current tax assets (net)

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Advance tax and deduction at source (net of provision for taxes)	10,737.97	9,629.94	8,770.19
Total	**10,737.97**	**9,629.94**	**8,770.19**

Note 10 : Income tax

A. Amounts recognised in statement of profit or loss

(₹ in Lacs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current tax		
Current period (a)	2,117.00	9,010.00
Changes in estimates related to prior years (b)	383.10	(216.81)
	2,500.10	**8,793.19**
Deferred tax (c)		
Attributable to-		
Origination / (Reversal) of temporary differences	10,232.33	(1,458.23)
Increase in tax rate	-	(228.24)
Recognition of previously unrecognised temporary timing differences *	-	(2,758.17)
Recognition of MAT credit entitlement	42.61	(762.39)
Sub-total (c)	**10,274.94**	**(5,207.03)**
Tax expense (a)+(b)+(c)	**12,775.04**	**3,586.16**

* This represents previously unrecognised deferred tax assets recognised pursuant to business combination with Magma ITL Finance Limited (Refer note 50 (B)).

B. Income tax recognised in other comprehensive income

(₹ in Lacs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	Income Tax	**Income Tax**
Remeasurements of the defined benefit plans	65.92	12.70
Debt instruments fair value through other comprehensive income	32.00	(35.50)
	97.92	**(22.80)**

C. Reconciliation of effective tax rate

(₹ in Lacs)

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	%	Amount	%	Amount
Profit before tax		40,287.91		23,708.70
Tax using the Company's domestic tax rate	34.94	14,078.21	34.61	8,205.11
Effect of:				
Impact of difference between statutory rate and deferred tax rate	-	-	(0.97)	(228.24)
Non taxable income / tax incentives / disallowable expenses	(1.78)	(719.48)	(0.51)	(121.93)
Recognition of previously unrecognised temporary timing differences *	-	-	(11.64)	(2,758.17)
Adjustment of brought forward losses of earlier years	-	-	(8.16)	(1,935.67)
Others	(2.40)	(966.79)	2.71	641.87
Effective tax rate	**30.76**	**12,391.94**	**16.04**	**3,802.97**
Provisions relating to earlier years	0.95	383.10	(0.91)	(216.81)
Income tax expense reported in the statement of profit and loss	**31.71**	**12,775.04**	**15.13**	**3,586.16**

* This represents previously unrecognised deferred tax assets recognised pursuant to business combination with Magma ITL Finance Limited (Refer note 50 (B)).

Note 10 : Income tax (Contd.)

D. Deferred tax assets, net

Movement of deferred tax assets / liabilities

(₹ in Lacs)

Particulars	As at 1 April 2018	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2019
Deferred tax assets:				
Impairment allowance	34,503.65	(15,143.62)	-	19,360.03
Application of effective interest rate method on financial assets and financial liabilities	2,378.11	1,020.82	-	3,398.93
Provision for compensated absences	229.86	1.41	-	231.27
Unabsorbed depreciation and amortisation	-	-	-	-
Minimum alternate tax credit entitlement	762.39	(42.61)	-	719.78
Others	106.38	(78.52)	-	27.86
	37,980.39	**(14,242.52)**	**-**	**23,737.87**
Deferred tax liabilities:				
Property, plant and equipment	3,232.18	(1,193.33)	-	2,038.85
Loans	2,868.57	(2,955.40)	(32.00)	(118.83)
EIS receivable	1,489.27	296.77	-	1,786.04
Investments	347.68	(670.49)	-	(322.81)
Application of effective interest rate method on financial assets and financial liabilities	5,233.18	552.35	-	5,785.53
Gratuity (excess of plan assets over obligation)	49.00	70.53	(65.92)	53.61
Others	224.32	(68.01)	-	156.31
	13,444.20	**(3,967.58)**	**(97.92)**	**9,378.70**
Net deferred tax assets	**24,536.19**	**(10,274.94)**	**97.92**	**14,359.17**

(₹ in Lacs)

Particulars	As at 1 April 2017	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2018
Deferred tax assets:				
Impairment allowance	29,048.29	5,455.36	-	34,503.65
Application of effective interest rate method on financial assets and financial liabilities	319.26	2,058.85	-	2,378.11
Provision for compensated absences	298.75	(68.89)	-	229.86
Unabsorbed depreciation and amortisation	3,585.25	(3,585.25)	-	-
Minimum alternate tax credit entitlement	-	762.39	-	762.39
Others	20.34	86.04	-	106.38
	33,271.89	**4,708.50**	**-**	**37,980.39**
Deferred tax liabilities:				
Property, plant and equipment	3,163.42	68.76	-	3,232.18
Loans	3,155.64	(322.57)	35.50	2,868.57
EIS receivable	2,138.38	(649.11)	-	1,489.27
Investments	147.59	200.09	-	347.68
Application of effective interest rate method on financial assets and financial liabilities	5,256.54	(23.36)	-	5,233.18
Gratuity (excess of plan assets over obligation)	58.36	3.34	(12.70)	49.00
Others	-	224.32	-	224.32
	13,919.93	**(498.53)**	**22.80**	**13,444.20**
Net deferred tax assets	**19,351.96**	**5,207.03**	**(22.80)**	**24,536.19**

Notes
to the Financial Statements (Continued)

Note 10 : Income tax (Contd.)

E. Unused tax losses on which deferred tax is not created

(₹ in Lacs)

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Amount	Expiry on	Amount	Expiry on	Amount	Expiry on
Long term capital loss						
A.Y. 2010-2011	-	-	-	-	0.23	A.Y. 2018-2019
A.Y. 2012-2013	-	-	900.64	A.Y. 2020-2021	900.64	A.Y. 2020-2021
A.Y. 2015-2016	-	-	0.15	A.Y. 2023-2024	0.15	A.Y. 2023-2024
A.Y. 2016-2017	257.73	A.Y. 2024-2025	2,025.25	A.Y. 2024-2025	2,025.25	A.Y. 2024-2025
Short term capital loss						
A.Y. 2014-2015	18.18	A.Y. 2022-2023	18.18	A.Y. 2022-2023	18.18	A.Y. 2022-2023
Business loss						
A.Y. 2017-2018	-	-	-	-	5,247.52	A.Y. 2025-2026

Deductible temporary timing differences which do not expire under the current tax legislation

(₹ in Lacs)

Unabsorbed depreciation				
A.Y. 2017-2018	-		-	1.90
	275.91		**2,944.22**	**8,193.87**
A.Y. - 'Assessment Year'				

F. Uncertain tax positions

Refer Note 44 on contingent liabilities and commitment relating to income tax matter under dispute.

Note 11 : Property, plant and equipment

(₹ in Lacs)

Particulars	Gross block				Depreciation and amortisation				Net block	
	As at 31 March 2018	Additions	Deletions / adjustments	As at 31 March 2019	As at 31 March 2018	For the year	Deletions / adjustments	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Owned Assets										
Fixed assets for own use										
Land ^	30.26	-	-	30.26	-	-	-	-	30.26	30.26
Buildings *^	1,509.54	-	-	1,509.54	38.01	38.00	-	76.01	1,433.53	1,471.53
Wind mills ^	5,112.34	-	-	5,112.34	410.39	410.39	-	820.78	4,291.56	4,701.95
Furniture and fixtures	1,022.99	95.75	42.62	1,076.12	212.10	213.84	36.10	389.84	686.28	810.89
Vehicles	298.81	132.21	59.65	371.37	31.18	49.85	33.94	47.09	324.28	267.63
Office equipment	2,813.27	760.96	333.09	3,241.14	720.48	928.25	321.82	1,326.91	1,914.23	2,092.79
Leasehold improvements	1,477.35	116.07	22.12	1,571.30	275.71	320.74	16.09	580.36	990.94	1,201.64
Assets under Lease										
Fixed assets on operating lease										
Investment property	8.60	-	-	8.60	0.18	0.18	-	0.36	8.24	8.42
Vehicles	6,106.84	3,126.83	2,185.88	7,047.79	348.64	1,989.65	1,408.08	930.21	6,117.58	5,758.20
Total	**18,380.00**	**4,231.82**	**2,643.36**	**19,968.46**	**2,036.69**	**3,950.90**	**1,816.03**	**4,171.56**	**15,796.90**	**16,343.31**

Particulars	Cost / Deemed cost (Refer Note 53)				Depreciation and amortisation				Net block	
	As at 1 April 2017	Additions	Deletions / adjustments	As at 31 March 2018	As at 1 April 2017	For the year	Deletions / adjustments	As at 31 March 2018	As at 31 March 2018	As at 1 April 2017
Owned Assets										
Fixed assets for own use										
Land ^	30.26	-	-	30.26	-	-	-	-	30.26	30.26
Buildings *^	1,509.54	-	-	1,509.54	-	38.01	-	38.01	1,471.53	1,509.54
Wind mills ^	5,112.34	-	-	5,112.34	-	410.39	-	410.39	4,701.95	5,112.34
Furniture and fixtures	944.18	115.77	36.96	1,022.99	-	246.32	34.22	212.10	810.89	944.18
Vehicles	159.35	163.12	23.66	298.81	-	37.38	6.20	31.18	267.63	159.35
Office equipment	2,556.68	793.33	536.74	2,813.27	-	1,149.12	428.64	720.48	2,092.79	2,556.68
Leasehold improvements	1,251.29	258.93	32.87	1,477.35	-	302.02	26.31	275.71	1,201.64	1,251.29
Assets under Lease										
Fixed assets on operating lease										
Investment property	8.60	-	-	8.60	-	0.18	-	0.18	8.42	8.60
Vehicles	6,743.07	3,159.95	3,796.18	6,106.84	-	1,948.31	1,599.67	348.64	5,758.20	6,743.07
Total	**18,315.31**	**4,491.10**	**4,426.41**	**18,380.00**	**-**	**4,131.73**	**2,095.04**	**2,036.69**	**16,343.31**	**18,315.31**

* Registration of title for 3 buildings is pending.

^ For details of movable / immovable property, plant and equipment hypothecated against borrowings, refer Note 18 & 19.

For details on contractual commitment, refer note 44

Notes
to the Financial Statements (Continued)

Note 12 : Capital work in progress

(₹ in Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital work in progress	259.19	11.58	120.96

Note 13 : Intangible assets under development

(₹ in Lacs)

Particulars	As at 1 April 2017	Additions	Deletions	Wriiten off	As at 31 March 2018	Additions	Deletions	Wriiten off	As at 31 March 2019
Intangible assets under development	427.94	445.99	179.97	597.69	96.27	210.46	192.25	19.84	94.64

Note 14 : Other intangible assets

(₹ in Lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block	
	As at 31 March 2018	Additions	Deletions / adjustments	As at 31 March 2019	As at 31 March 2018	For the year	Deletions / adjustments	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Fixed assets for own use										
Computer software	3,530.24	860.79	-	4,391.03	766.87	1,064.73	-	1,831.60	2,559.43	2,763.37
Total	**3,530.24**	**860.79**	**-**	**4,391.03**	**766.87**	**1,064.73**	**-**	**1,831.60**	**2,559.43**	**2,763.37**

Description of assets	Cost / Deemed cost (Refer Note 53)				Depreciation and amortisation				Net block	
	As at 1 April 2017	Additions	Deletions / adjustments	As at 31 March 2018	As at 1 April 2017	For the year	Deletions / adjustments	As at 31 March 2018	As at 31 March 2018	As at 1 April 2017
Fixed assets for own use										
Computer software	2,786.87	743.37	-	3,530.24	-	766.87	-	766.87	2,763.37	2,786.87
Total	**2,786.87**	**743.37**	**-**	**3,530.24**	**-**	**766.87**	**-**	**766.87**	**2,763.37**	**2,786.87**

Notes
to the Financial Statements (Continued)

Note 15 : Other non-financial assets

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Prepaid expenses	1,924.78	1,570.78	1,446.16
Balances with statutory / government authorities	1,157.52	912.87	1,067.82
Gratuity* (excess of plan assets over obligation)	153.42	140.22	123.28
Capital Advances	139.33	15.26	118.61
	3,375.05	**2,639.13**	**2,755.87**

*Refer Note 39 for disclosure related to provisions for employee benefits.

Note 16 : Derivative financial instruments

(₹ in Lacs)

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Notional amounts	Fair Value - Liabilities	Notional amounts	Fair Value - Liabilities	Notional amounts	Fair Value - Liabilities
Part I						
Currency derivatives						
- Spot and forwards contract	-	-	5,000.00	59.57	-	-
Total Derivative Financial Instruments - Part I	**-**	**-**	**5,000.00**	**59.57**	**-**	**-**
Part II						
Undesignated Derivatives	-	-	5,000.00	59.57	-	-
Total Derivative Financial Instruments - Part II	**-**	**-**	**5,000.00**	**59.57**	**-**	**-**

Note 17 : Trade payables

(₹ in Lacs)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i)	total outstanding dues of micro enterprises and small enterprises*	-	-	-
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	36,487.06	31,889.68	21,774.10
		36,487.06	**31,889.68**	**21,774.10**

* 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 2019, 31 March 2018 and 1 April 2017. 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. The same has been relied upon by auditors.

(₹ in Lacs)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(a)	Dues remaining unpaid to any supplier at the year end			
	- Principal	-	-	-
	- Interest on the above	-	-	-
(b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year			
	- Principal paid beyond the appointed date	-	-	-
	- Interest paid in terms of Section 16 of the MSMED Act	-	-	-
(c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-	-
(d)	Amount of interest accrued and remaining unpaid	-	-	-
(e)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-	-

Notes
to the Financial Statements (Continued)

Note 18 : Debt securities
At Amortised Cost - Secured

(₹ in Lacs)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A)	Redeemable non-convertible debentures	36,279.16	24,233.10	53,801.32
	Total (A)	**36,279.16**	**24,233.10**	**53,801.32**
(B)	Debt securities in India	36,279.16	24,233.10	53,801.32
	Total (B)	**36,279.16**	**24,233.10**	**53,801.32**

Nature of security
Debentures are secured by mortgage of Company's immovable property situated at Rajarhat, Kolkata in the state of West Bengal and are also secured against designated Loans assets. The total asset cover is hundred percent or above of the principal amount of the said debentures.

Terms of maturity of secured redeemable non-convertible debentures

(₹ in Lacs)

Maturity schedule	Interest rate range (p.a.)			Amount		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
0 - 1 Years	8.99%	8.74%	9.63% - 10.80%	5,999.90	4,997.59	48,484.05
1 - 3 Years	9.55% - 9.95%	8.99% - 9.10%	-	20,498.76	8,999.65	-
3 - 5 Years	9.00%	9.55%	9.55%	4,870.43	499.21	499.01
> 5 Years	9.00%	9.00%	9.00%	4,910.07	9,736.65	4,818.26
				36,279.16	**24,233.10**	**53,801.32**

Note 19 : Borrowings (other than debt securities)
At Amortised Cost

(₹ in Lacs)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A)	a) Term loans - Secured *			
	- from banks	183,991.28	165,381.90	191,608.14
	- from other parties	30.54	836.63	13,724.90
	b) Loans from related parties - Unsecured	-	-	3,500.00
	c) Loans repayable on demand - Secured			
	- from banks (Cash credit facilities and working capital demand loans)	354,598.68	518,238.42	459,564.92
	d) Other loans			
	- Loan from PTC investors - Secured	333,175.79	244,675.97	245,230.38
	- Commercial paper - Unsecured	175,490.48	54,213.24	50,130.43
	Total (A)	**1,047,286.77**	**983,346.16**	**963,758.77**
(B)	Borrowings in India	1,047,286.77	983,346.16	963,758.77
	Total (B)	**1,047,286.77**	**983,346.16**	**963,758.77**
*	Aggregate of loans guaranteed by Director	30.54	263.34	795.42

Nature of security
a) Term loans are secured by way of hypothecation of designated Loans assets and future rentals receivable therefrom.

b) 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.

Notes
to the Financial Statements (Continued)

Note 19 : Borrowings (other than debt securities) (Contd.)

c) Loans from PTC investors represents amounts received in respect of securitisation transactions (net of repayments and investment therein) as these transactions do not meet the derecogniton criteria specified under IND AS. This are secured by way of hypothecation of designated Loans assets receivables.

d) Cash Credit facilities and Working Capital Demand Loans from Banks are secured by way of hypothecation of the Company's loan assets, tangible movable assets, plant and machinery, equipment's, etc. and future rental income therefrom and other current assets (expressly excluding those equipment's, plant, machinery, spare parts, tangible movable assets 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 financial organisation). These are collaterally secured by way of equitable mortgage over immovable property.

Details of cash credit facilities and working capital demand loans

The cash credit facilities are repayable on demand and carry interest rates ranging from 8.90 % p.a. to 12.05 % p.a. (31 March 2018: from 8.70% p.a. to 12.10% p.a. and 1 April 2017: from 9.00 % p.a. to 11.20% p.a.). Working capital demand loans are repayable on demand and carry interest rates ranging from 8.55 % p.a. to 9.60 % p.a. (31 March 2018: from 8.15% p.a. to 9.25% p.a. and 1 April 2017: from 8.20% p.a. to 9.60% 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. There is no unhedged foreign currency exposure as on 31 March 2019.

Details of commercial papers

The commercial papers carry interest rates ranging from 8.95% p.a. to 9.60% p.a. with maturity ranging from 2 months to 11 months (31 March 2018: from 8.20% p.a. to 8.38% p.a. with maturity ranging from 2 months to 3 months and 1 April 2017: from 7.61% p.a. to 8.95% p.a. with maturity ranging from 1 months to 3 months).

Terms of repayment of term loans (secured)

(₹ in Lacs)

Maturity schedule	Interest rate range (p.a.)			Amount		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
Half yearly installments						
0 - 1 Years	-	8.90%	10.45%	-	1,426.60	2,852.62
1 - 3 Years	-	-	10.45%	-	-	1,427.97
				-	**1,426.60**	**4,280.59**
Quarterly installments						
0 - 1 Years	8.95% - 10.70%	8.30% - 11.10%	9.85% - 12.25%	55,297.48	55,369.34	62,292.80
1 - 3 Years	8.95% - 10.00%	8.30% - 10.70%	9.50% - 12.25%	82,229.25	88,706.93	98,484.20
3 - 5 Years	8.95% - 10.00%	8.30% - 10.45%	9.50% - 10.45%	31,339.82	20,592.79	37,452.10
				168,866.55	**164,669.06**	**198,229.10**
Monthly installments						
0 - 1 Years	12.00%	12.00%	10.75% - 12.00%	50.55	41.95	2,772.27
1 - 3 Years	10.50% - 12.00%	12.00%	12.00%	7,583.87	62.42	39.97
3 - 5 Years	10.50% - 12.00%	12.00%	12.00%	7,520.39	18.50	11.11
> 5 Years	12.00%	-	-	0.46	-	-
				15,155.27	**122.87**	**2,823.35**
				184,021.82	**166,218.53**	**205,333.04**

Terms of maturity of Loan from PTC Investors

(₹ in Lacs)

Maturity schedule	Interest rate range (p.a.)			Amount		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
0 - 1 Years	6.11% - 10.93%	6.11% - 9.57%	6.17% - 9.57%	150,985.49	133,108.76	123,086.79
1 - 3 Years	6.11% - 10.93%	6.11% - 9.57%	6.17% - 9.57%	160,940.13	104,398.08	114,499.73
3 - 5 Years	6.27% - 10.93%	6.11% - 9.11%	6.17% - 9.57%	21,250.17	7,169.13	7,643.86
				333,175.79	**244,675.97**	**245,230.38**

Notes
to the Financial Statements (Continued)

Note 20: Subordinated liabilities
At Amortised Cost - Unsecured

(₹ in Lacs)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A)	Perpetual debt instruments (Tier I capital) to the extent that do not qualify as equity	13,236.76	13,185.01	13,040.09
	Others (Tier II capital) :			
	- From banks (subordinated debts)	19,859.90	9,948.51	9,937.21
	- Redeemable subordinate debt instruments to the extent that do not qualify as equity	58,308.32	79,090.45	87,541.46
	Total (A)	**91,404.98**	**102,223.97**	**110,518.76**
(B)	Subordinated liabilities in India	91,404.98	102,223.97	110,518.76
	Total (B)	**91,404.98**	**102,223.97**	**110,518.76**

Terms of maturity of perpetual debt debentures (Tier I capital)

(₹ in Lacs)

Maturity schedule	Interest rate range (p.a.)			Amount		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
0 - 1 Years	13.50% - 13.75%	-	-	2,990.95	-	-
1 - 3 Years	12.50%	12.50% - 13.75%	13.50% - 13.75%	2,466.27	5,429.00	2,972.80
3 - 5 Years	12.00% - 12.10%	-	12.50%	4,989.72	-	2,428.15
> 5 Years	11.00% - 12.10%	11.00% - 12.10%	11.50% - 12.10%	2,789.82	7,756.01	7,639.14
				13,236.76	**13,185.01**	**13,040.09**

Terms of maturity of redeemable subordinated debt instruments (Tier II capital)

(₹ in Lacs)

Maturity schedule	Interest rate range (p.a.)			Amount		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
0 - 1 Years	11.00%	11.20% - 11.75%	11.75% - 12.00%	12,948.07	20,983.71	10,685.05
1 - 3 Years	11.00% - 11.45%	11.00%	11.00% - 11.75%	22,859.45	12,893.10	33,737.77
3 - 5 Years	10.30% - 11.50%	10.30% - 11.50%	11.00% - 11.45%	11,828.09	28,473.86	22,734.07
> 5 Years	10.00% - 10.40%	10.00% - 10.90%	10.25% - 11.50%	10,672.71	16,739.78	20,384.57
				58,308.32	**79,090.45**	**87,541.46**

Terms of repayment of subordinated instruments from banks (unsecured) (Tier II capital)

(₹ in Lacs)

Maturity schedule	Interest rate range (p.a.)			Amount		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
0 - 1 Years	-	-	-	-	-	-
1 - 3 Years	11.00%	-	-	1,632.79	-	-
3 - 5 Years	11.00%	10.10%	-	8,327.03	8,282.15	-
> 5 Years	12.50%	10.10%	11.00%	9,900.08	1,666.36	9,937.21
				19,859.90	**9,948.51**	**9,937.21**

The Company has not defaulted in repayment of principal and interest.

Notes
to the Financial Statements (Continued)

Note 21 : Other financial liabilities

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Interest accrued	4,539.36	4,300.52	8,710.70
Unpaid dividend*	37.46	34.56	32.28
Temporary book overdraft	3,304.12	5,893.25	2,090.45
Director's commission payable	177.50	200.00	-
Pending remittance on assignment	6,264.76	5,290.55	12,779.23
Other payables**	9,397.20	8,844.39	11,019.67
	23,720.40	**24,563.27**	**34,632.33**

* There has been no delay in transfer of amounts required to be transferred to Investor Education and Protection Fund.
** Includes provision for commission payable to executive director of ₹ 270.00 lacs (31 March 18: ₹ 230.00 lacs, 1 April 2017: ₹ Nil), refer Note 43.

Note 22 : Current tax liabilities (net)

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for tax (net of advance tax)	1,096.56	1,352.03	683.72
	1,096.56	**1,352.03**	**683.72**

Note 23 : Provisions

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for compensated absence	772.68	657.80	894.17
Provision - others	443.00	543.00	393.00
	1,215.68	**1,200.80**	**1,287.17**

Note 24 : Other non-financial liabilities

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Revenue received in advance	91.70	77.47	49.06
Advances and deposits from customers	5,053.62	6,091.08	6,869.38
Statutory liabilities	888.70	697.31	646.97
	6,034.02	**6,865.86**	**7,565.41**

Note 25 : Equity

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Authorised			
1,265,000,000 (31 March 2018: 1,265,000,000 ; 1 April 2017: 265,000,000) Equity shares of ₹ 2/- each	25,300.00	25,300.00	5,300.00
58,300,000 (31 March 2018: 58,300,000 ; 1 April 2017: 54,300,000) Preference shares of ₹ 100/- each	58,300.00	58,300.00	54,300.00
	83,600.00	**83,600.00**	**59,600.00**
Issued, subscribed and paid-up			
Equity share capital			
269,324,236 (2018: 237,028,672, 2017: 236,959,672) Equity shares of ₹ 2/- each, fully paid up	5,386.48	4,740.57	4,739.19
	5,386.48	**4,740.57**	**4,739.19**

Notes
to the Financial Statements (Continued)

Note 25 : Equity (Contd.)

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

(₹ in Lacs)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the period	237,028,672	4,740.57	236,959,672	4,739.19
Shares issued on exercise of ESOPs during the year	37,500	0.75	69,000	1.38
Shares issued to Qualified Institutional Buyer's	32,258,064	645.16	-	-
Issued, subscribed and paid up share capital	**269,324,236**	**5,386.48**	**237,028,672**	**4,740.57**

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 ₹.

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.

During the year on 12 April 2018, the Company has allotted 32,258,064 equity shares of face value of ₹ 2/- each to Qualified Institutional Buyers, aggregating to approximately ₹ 50,000 lacs, including premium of ₹ 153/- per share under Chapter VIII of 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. Consequent to the said allotment, the total paid-up equity share capital of the Company stands increased to 269,286,736 equity shares of ₹ 2/- each aggregating to ₹ 5,385.73 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

During the year, the Company has allotted on 8 November 2018 and 30 January 2019, 15,000 equity shares and 22,500 equity shares respectively of the face value of ₹ 2/- each to the eligible employees of the Company under Employee Stock Option Plan pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014, as amended from time to time.

On 14 May 2019, the Company has allotted 18,000 equity shares of the face value of ₹ 2/- each to the eligible employees of the Company under Employee Stock Option Plan pursuant to SEBI(ESOS and ESPS) Guidelines, 1999, and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014, as amended from time to time. Consequent to the said allotment, the total paid-up equity share capital of the Company stands increased to 269,342,236 equity shares of ₹ 2/- each aggregating to ₹ 5,386.84 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

During previous year ended 31 March 2018, the amount of per share dividend recommended by the Board as distribution to equity shareholders is ₹ 0.80 (40%) per equity share of the face value of ₹ 2/- each including shares allotted post 31 March 2018, pursuant to Qualified Institutional Placement (QIP) and ESOP scheme. Total dividend on 269,286,736 equity shares for the year ended 31 March 2018 amounted to ₹ 2,597.11 lacs including corporate dividend tax of ₹ 442.82 lacs, subject to approval of shareholders.

During the year ended 31 March 2019, the amount of per share dividend recommended by the Board as distribution to equity shareholders is ₹ 0.80 (40%) per equity share of the face value of ₹ 2/- each including shares allotted post 31 March 2019 upto record date. Total dividend on 269,342,236 equity shares for the year ended 31 March 2019 would amount to ₹ 2,597.65 lacs including corporate dividend tax of ₹ 442.91 lacs, subject to approval of shareholders.

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.

Shares bought back

Company has not bought back any of its securities during the five year period immediately preceding the reporting date.

Notes
to the Financial Statements (Continued)

Note 25 : Equity (Contd.)
Shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	%	No. of shares	%	No. of shares	%	No. of shares
Equity shares						
Zend Mauritius VC Investments Limited	-	-	14.46	34,276,629	14.47	34,276,629
Microfirm Capital Private Limited	12.63	34,015,928	14.35	34,015,928	14.36	34,015,928
Celica Developers Private Limited	10.93	29,434,455	12.42	29,434,455	12.42	29,434,455
True North Fund V LLP	10.49	28,255,524	11.92	28,255,524	11.92	28,255,524
Amansa Holdings Private Limited	7.67	20,656,242	-	-	-	-
International Finance Corporation	7.33	19,753,041	9.70	23,000,000	9.71	23,000,000
Lavender Investments Limited	7.00	18,851,431	7.95	18,851,431	7.96	18,851,431
LeapFrog Financial Inclusion India Holdings Limited	-	-	5.58	13,218,519	7.82	18,518,519
Reliance Capital Trustee Company Ltd	5.64	15,204,425	-	-	-	-

Note 26 : Other equity
Capital redemption reserve
Capital redemption reserve is created to keep the capital intact when preference shares are redeemed or equity shares are bought back. It is utilised in accordance with the provisions of the Companies Act, 2013.

Employee share option outstanding
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 and the shareholders of the Company. The share option outstanding reserve is used to recognise the grant date fair value of option issued under aforesaid plans.

Refer Note 42 for further details on employee stock options

Statutory reserve (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)
Statutory reserve represents the Reserve Fund created under section 45-IC of the Reserve Bank of India Act, 1934. Under section 45-IC, the Company is required to transfer a sum not less than twenty percent of its net profit for the financial year to the statutory reserve. The statutory reserve can be utilised for the purposes as may be specified by the Reserve Bank of India from time to time.

Securities premium reserve
Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Capital reserve
Capital reserve has been created to set aside gains of capital nature from amalgamation and merger. It is utilised in accordance with the provisions of the Companies Act, 2013.

Debt instruments through other comprehensive income
This comprises changes in the fair value of debt instruments recognised in other comprehensive income and accumulated within equity. The group transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

Note 27 : Interest Income

(₹ in Lacs)

	Year ended 31 March 2019		Year ended 31 March 2018	
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost
Interest on loans	33,571.27	165,942.55	10,836.43	179,353.46
Interest on deposits with banks	-	2,795.75	-	2,253.28
Other interest income				
- On loans and margins	-	1,228.47	-	665.05
- On security deposit	-	64.06	-	78.11
- Others	-	52.45	-	-
	33,571.27	**170,083.28**	**10,836.43**	**182,349.90**
Total		**203,654.55**		**193,186.33**

Notes
to the Financial Statements (Continued)

Note 28 : Rental Income

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Income from lease rentals		
- On operating lease assets	2,766.24	2,774.51
- On investment property	2.54	2.56
Total	**2,768.78**	**2,777.07**

Note 29 : Fees and Commission Income

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Collection and support services	3,047.74	1,715.60
Foreclosure charges	3,022.46	3,329.88
Insurance commission	1,466.62	1,289.36
Commission	-	163.89
Others (cheque bouncing charges, valuation charges, etc)	910.11	852.59
Total	**8,446.93**	**7,351.32**

Note 30 : Net gain on fair value changes*

(₹ in Lacs)

		Year ended 31 March 2019	Year ended 31 March 2018
(A)	**Net gain on financial instruments at fair value through profit or loss**		
	- On equity securities	657.72	723.83
	- On other financial assets	(149.88)	641.93
	- On derivative contracts	59.57	(59.57)
	Total Net gain on fair value changes (A)	**567.41**	**1,306.19**
(B)	**Fair Value changes:**		
	Realised	507.84	643.36
	Unrealised	59.57	662.83
	Total Net gain on fair value changes (B)	**567.41**	**1,306.19**

*Fair value changes in this schedule are other than those arising on account of interest income/expense.

Note 31 : Net gain on derecognition of financial instruments

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Income from derecognition on account of direct assignment transactions	4,395.57	1,697.18
Gain on sale of non performing and written off assets (net of reversal of provision of ₹ 29,597.96 lacs)	3,281.36	-
Total	**7,676.93**	**1,697.18**

Note 32 : Other Income

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of power	1,204.27	1,015.74
Gain on sale of investments	245.19	-
Net gain on derecognition of property, plant and equipment	43.28	190.35
Bad debts recovered	1,743.90	1,946.47
Miscellaneous income	2,123.32	375.02
Total	**5,359.96**	**3,527.58**

Notes
to the Financial Statements (Continued)

Note 33 : Finance cost

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at Amortised Cost
Interest on deposits	60.98	48.33
Interest on borrowings	84,451.08	83,343.12
Interest on debt securities	3,558.61	2,953.75
Interest on subordinated liabilities	10,943.50	12,187.64
Other interest expense	9.14	10.88
Other borrowing costs	2,740.70	2,711.54
Total	**101,764.01**	**101,255.26**

Note 34 : Impairment on financial instruments

(₹ in Lacs)

	Year ended 31 March 2019		Year ended 31 March 2018	
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost
Loans *	(704.45)	(12,624.71)	(140.55)	3,930.34
Other assets	-	(361.95)	-	(39.98)
Bad debts written-off	4,501.79	35,430.76	579.88	25,328.99
	3,797.34	**22,444.10**	**439.33**	**29,219.35**
Total		**26,241.44**		**29,658.68**

* Effective 1 July 2018, SME has been reclassified from amortised cost to FVOCI.

Note 35 : Employee benefits expenses*

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	34,069.59	30,263.97
Contribution to provident and other funds	1,594.04	1,335.21
Share based payments to employees	739.45	129.06
Staff welfare expenses	1,637.82	1,331.53
Total	**38,040.90**	**33,059.77**

* Refer Note 43

Note 36 : Depreciation, amortisation and impairment

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment	3,950.72	4,131.55
Depreciation on investment property	0.18	0.18
Amortisation of intangible asset	1,064.73	766.87
Total	**5,015.63**	**4,898.60**

Notes
to the Financial Statements (Continued)

Note 37 : Others expenses#

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Rent	1,998.11	1,854.14
Rates and taxes	32.16	42.03
Electricity charges	794.25	662.20
Repairs and maintenance		
- Machinery	283.22	263.39
- Others	1,773.15	1,458.99
Communication expenses	1,185.57	1,144.66
Printing and stationery	557.58	506.09
Advertisement and publicity	363.47	232.72
Directors		
- Fees	73.08	98.58
- Commission	177.50	200.00
Legal charges	926.97	1,720.04
Professional fees*	2,839.41	2,438.05
Insurance	106.63	51.73
Travelling and conveyance	2,078.70	2,027.18
CSR expenditure**	292.98	378.17
Outsource collection charges	1,942.76	2,248.15
Intangible assets under development written off	19.84	597.69
Miscellaneous expenses	1,679.29	1,340.85
Total	**17,124.67**	**17,264.66**

Refer Note 43

*** Payments to auditors**

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Statutory audit	55.00	36.00
Limited review of quarterly results	30.00	30.00
Other services	40.55	7.90
Reimbursement of expenses	4.49	8.22
Total	**130.04**	**82.12**

** Details of corporate social responsibility expenditure

A CSR committee has been formed by the Company as per the Companies Act, 2013. CSR expenses have been incurred through out the year on the activities as specified in Schedule VII of the said Act. The focus area of CSR initiatives undertaken by the Company are education, health and environment.

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
(a) Amount required to be spent by the Company during the year	362.92	312.56
(b) Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	292.98	378.17

Note 38 : Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ in Lacs)

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	56,741.02	-	56,741.02	9,270.23	-	9,270.23	12,700.12	-	12,700.12
Bank balance other than cash and cash equivalents	29,823.52	6,704.58	36,528.10	28,197.27	2,312.37	30,509.64	18,879.65	9,518.09	28,397.74
Receivables	1,096.98	-	1,096.98	371.89	-	371.89	686.49	-	686.49
Loans	493,644.13	820,141.27	1,313,785.40	481,581.08	733,855.28	1,215,436.36	498,060.89	717,043.41	1,215,104.30
Investments	-	30,242.16	30,242.16	-	30,556.57	30,556.57	-	29,845.03	29,845.03
Other financial assets	6,276.19	7,252.56	13,528.75	5,896.73	8,750.93	14,647.66	7,841.24	9,979.19	17,820.43
Total financial assets	**587,581.84**	**864,340.57**	**1,451,922.41**	**525,317.20**	**775,475.15**	**1,300,792.35**	**538,168.39**	**766,385.72**	**1,304,554.11**
Non-financial assets									
Current tax assets (net)	-	10,737.97	10,737.97	-	9,629.94	9,629.94	-	8,770.19	8,770.19
Deferred tax assets (net)	-	14,359.17	14,359.17	-	24,536.19	24,536.19	-	19,351.96	19,351.96
Property, plant and equipment	-	15,796.90	15,796.90	-	16,343.31	16,343.31	-	18,315.31	18,315.31
Capital work-in-progress	-	259.19	259.19	-	11.58	11.58	-	120.96	120.96
Intangible assets under development	-	94.64	94.64	-	96.27	96.27	-	427.94	427.94
Other intangible assets	-	2,559.43	2,559.43	-	2,763.37	2,763.37	-	2,786.87	2,786.87
Other non-financial assets	2,884.64	490.41	3,375.05	2,241.62	397.51	2,639.13	2,238.58	517.29	2,755.87
Total non-financial assets	**2,884.64**	**44,297.71**	**47,182.35**	**2,241.62**	**53,778.17**	**56,019.79**	**2,238.58**	**50,290.52**	**52,529.10**
Total assets	**590,466.48**	**908,638.28**	**1,499,104.76**	**527,558.82**	**829,253.32**	**1,356,812.14**	**540,406.97**	**816,676.24**	**1,357,083.21**
LIABILITIES									
Financial liabilities									
Derivative financial instruments	-	-	-	59.57	-	59.57	-	-	-
Trade payables	36,487.06	-	36,487.06	31,889.68	-	31,889.68	21,774.10	-	21,774.10
Debt securities	5,999.90	30,279.26	36,279.16	4,997.59	19,235.51	24,233.10	48,484.05	5,317.27	53,801.32
Borrowings (other than debt securities)	736,422.68	310,864.09	1,047,286.77	762,398.31	220,947.85	983,346.16	700,699.83	263,058.94	963,758.77
Subordinated liabilities	15,939.02	75,465.96	91,404.98	20,983.71	81,240.26	102,223.97	10,685.05	99,833.71	110,518.76
Other financial liabilities	23,720.40	-	23,720.40	24,563.27	-	24,563.27	34,632.33	-	34,632.33
Total financial liabilities	**818,569.06**	**416,609.31**	**1,235,178.37**	**844,892.13**	**321,423.62**	**1,166,315.75**	**816,275.36**	**368,209.92**	**1,184,485.28**
Non-financial liabilities									
Current tax liabilities (net)	1,096.56	-	1,096.56	1,352.03	-	1,352.03	683.72	-	683.72
Provisions	25.10	1,190.58	1,215.68	21.02	1,179.78	1,200.80	89.76	1,197.41	1,287.17
Other non-financial liabilities	5,975.38	58.64	6,034.02	6,812.25	53.61	6,865.86	7,536.57	28.84	7,565.41
Total non-financial liabilities	**7,097.04**	**1,249.22**	**8,346.26**	**8,185.30**	**1,233.39**	**9,418.69**	**8,310.05**	**1,226.25**	**9,536.30**
EQUITY									
Equity share capital	-	5,386.48	5,386.48	-	4,740.57	4,740.57	-	4,739.19	4,739.19
Other equity	-	250,193.65	250,193.65	-	176,337.13	176,337.13	-	158,322.44	158,322.44
Total equity	**-**	**255,580.13**	**255,580.13**	**-**	**181,077.70**	**181,077.70**	**-**	**163,061.63**	**163,061.63**
Total liabilities and equity	**825,666.10**	**673,438.66**	**1,499,104.76**	**853,077.43**	**503,734.71**	**1,356,812.14**	**824,585.41**	**532,497.80**	**1,357,083.21**

Notes
to the Financial Statements (Continued)

Note 39 : Employee benefits
The Company operates the following post-employment plans -

i. Defined contribution plan
The contribution made to various statutory funds is recognised as expenses and included in Note 35 'Employee benefits expense' under 'Contribution to provident and other funds' in Statement of Profit and Loss. The detail is as follows :

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Provident and Pension Fund	1,315.80	1,104.31
Gratuity Fund	278.24	230.90
Total	**1,594.04**	**1,335.21**

ii. Defined benefit plan
Gratuity

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. This plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The scheme is fully funded with Life Insurance Corporation of India (LIC). This defined benefit plan expose the Company to actuarial risks, such as regulatory risk, credit risk, liquidity risk, etc as defined below.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Net defined benefit asset/(liability)	153.42	140.22	123.28

A. Funding
The scheme is fully funded with Life Insurance Corporation of India (LIC). The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in Section E below.

Expected contributions to gratuity plan for the year ending 31 March 2020 is ₹ 134.46 lacs.

B. Reconciliation of the net defined benefit (asset) / liability
The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

(₹ in Lacs)

	As at 31 March 2019			As at 31 March 2018		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance at the beginning of the year	1,748.67	1,888.89	(140.22)	1,752.68	1,875.96	(123.28)
Included in profit or loss						
Current service cost	302.03	-	302.03	251.53	-	251.53
Interest cost (income)	122.70	(151.82)	(29.12)	113.87	(134.50)	(20.63)
	424.73	**(151.82)**	**272.91**	**365.40**	**(134.50)**	**230.90**

Note 39 : Employee benefits (Contd.)

(₹ in Lacs)

	As at 31 March 2019			As at 31 March 2018		
	Defined benefit obligation	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**	**Defined benefit obligation**	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**
Included in other comprehensive income						
Remeasurements loss (gain)						
- Actuarial loss (gain) arising from:						
- financial assumptions	25.81	-	25.81	(90.94)	-	(90.94)
- experience adjustment	162.84	-	162.84	99.30	-	99.30
- on plan assets	-	-	-	-	64.74	64.74
	188.65	**-**	**188.65**	**8.36**	**64.74**	**73.10**
Other						
Contributions paid by the employer	-	474.76	(474.76)	-	320.94	(320.94)
Benefits paid	(314.34)	(314.34)	-	(377.77)	(377.77)	-
	(314.34)	**160.42**	**(474.76)**	**(377.77)**	**(56.83)**	**(320.94)**
Balance at the end of the year	**2,047.71**	**2,201.13**	**(153.42)**	**1,748.67**	**1,888.89**	**(140.22)**

C. Plan assets

	As at 31 March 2019	**As at 31 March 2018**	**As at 1 April 2017**
Investment with Life Insurance Corporation	100%	100%	100%

On an annual basis, an asset-liability matching study is done by the Company whereby the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

D. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March 2019	**As at 31 March 2018**	**As at 1 April 2017**
Discount rate	7.60%	7.71%	7.28% - 7.36%
Future salary growth	5.00%	5.00%	5.00%
Withdrawal rate:			
Upto 40 years	4.20%	4.20%	4.20%
40 years and above	Nil	Nil	Nil
Early retirement and disability:			
40-54 years	1.80%	1.80%	1.80%
55-57 years	2.20%	2.20%	2.20%
Expected rate of return on plan assets	7.71%	7.28% - 7.36%	7.87% -7.88%
Mortality	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)

Notes
to the Financial Statements (Continued)

Note 39 : Employee benefits (Contd.)

E. Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lacs)

	As at 31 March 2019		As at 31 March 2018	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (0.25% movement)	1,989.73	2,108.17	1,698.42	1,801.08
Future salary growth (0.5% movement)	2,173.79	1,930.88	1,858.11	1,647.33
Withdrawal rate (2% movement)	2,047.94	2,047.49	1,748.88	1,748.46
Mortality rate (1% movement)	2,047.91	2,047.51	1,748.85	1,748.49

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

F. Expected maturity analysis of the defined benefit plans in future years

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1 year	101.75	138.19	131.25
Between 2-5 years	471.32	350.29	157.24
Between 6-10 years	602.21	516.27	519.73
Over 10 years	4,784.25	4,241.47	4,274.62
Total	**5,959.53**	**5,246.22**	**5,082.84**

As at 31 March 2019, the weighted-average duration of the defined benefit obligation was 13.86 years (31 March 2018: 13.97 years and 1 April 2017: 14.78 years).

G. Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

Credit Risk: If the scheme is insured and fully funded on Projected Unit Credit ('PUC') basis there is a credit risk to the extent the insurer(s) is/ are unable to discharge their obligations including failure to discharge in timely manner.

Pay-as-you-go Risk: For unfunded schemes financial planning could be difficult as the benefits payable will directly affect the revenue and this could be widely fluctuating from year to year. Moreover there may be an opportunity cost of better investment returns affecting adversely the cost of the scheme.

Discount Rate risk: The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase in the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Liquidity Risk: This risk arises from the short term asset and liability cash-flow mismatch thereby causing the company being unable to pay the benefits as they fall due in the short term. Such a situation could be the result of holding large illiquid assets disregarding the results of cash-flow projections and cash outgo inflow mismatch. (Or it could be due to insufficient assets/cash).

Future Salary Increase Risk: The Scheme cost is very sensitive to the assumed future salary escalation rates for all final salary defined benefit Schemes. If actual future salary escalations are higher than that assumed in the valuation actual Scheme cost and hence the value of the liability will be higher than that estimated.

Regulatory Risk: Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of ₹ 20,00,000, raising accrual rate from 15/26 etc.)

Note 39 : Employee benefits (Contd.)

iii. Other long-term benefits

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the Statement of profit and loss for compensated absences is as under-

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018
Amount recognised in statement of profit and loss		
Compensated absences	324.69	298.54

Note 40 : Leases

A. Lease in the capacity of Lessee

The Company has taken on lease a number of offices under operating leases. The leases typically run for a period of 3 - 9 years, with an option to renew the lease after that period. Lease payments are renegotiated on regular intervals to reflect market rentals.

i. Future minimum lease payments

At year end, the future minimum lease payments to be made under non-cancellable operating leases are as follows:

(₹ in Lacs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Payable in less than one year	370.17	376.13
Payable between one and five years	48.77	393.09
Payable after more than five years	-	-

ii. Amounts recognised in statement of profit or loss

(₹ in Lacs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Lease expense – minimum lease payments		
Non cancellable	388.38	371.14
Cancellable	1,780.94	1,832.14
	2,169.32	**2,203.28**
Less: Cost allocated to subsidiaries and joint ventures	171.21	349.14
Recognised in statement of profit and loss	**1,998.11**	**1,854.14**

B. Lease in the capacity of Lessor

Future minimum lease payments

At year end, the future minimum lease receivables under operating leases are as follows:

(₹ in Lacs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Receivable in less than one year	3,151.28	2,814.23
Receivable between one and five years	4,761.13	4,562.78
Receivable after more than five years	5.72	8.89

Notes
to the Financial Statements (Continued)

Note 41 : Earnings per share (EPS)

	Particulars	Units	Year ended 31 March 2019	Year ended 31 March 2018
a)	(i) Weighted average number of equity shares for basic EPS	Nos	268,324,253	236,981,217
	(ii) Effect of potential ordinary equity shares on employee stock options	Nos	436,049	635,585
	(iii) Weighted average number of equity shares for diluted EPS	Nos	268,760,302	237,616,802
b)	Net profit after tax	₹ in Lacs	27,512.87	20,122.54
c)	(i) Net profit for equity shareholders for basic EPS	₹ in Lacs	27,512.87	20,122.54
	(ii) Net profit for equity shareholders for diluted EPS	₹ in Lacs	27,512.87	20,122.54
d)	(i) Earnings per share (Face value of ₹ 2/- per share) – basic	₹	10.25	8.49
	(ii) Earnings per share (Face value of ₹ 2/- per share) – diluted	₹	10.24	8.47

Note 42 : Share-based payments
A Description of share-based payment arrangements

The company instituted the Magma Employee Stock Option Plan (MESOP) in 2008 and Magma Restricted Stock Option Plan 2014 (MRSOP) in 2004, which were approved by the Board of Directors and the shareholders of the Company.

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 within 3 years from the date of vesting. 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 1,605,083 options (31 March 2018: 515,000 options) under MESOP 2007 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

MRSOP, 2014
Under MRSOP, the Company provided for the creation and issue of 5,000,000 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 generally will vest in a graded manner and are exercisable within 3 years from the date of vesting.

During the year, the Nomination and Remuneration Committee of the Board of Directors has granted 300,000 options (31 March 2018: 300,000 options) under MRSOP 2014 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

Note 42 : Share-based payments (Contd.)

B Measurement of Fair values

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option of Magma Fincorp Limited was ₹ 79.02 (31 March 2018: ₹ 78.84).

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Particulars	Units	31 March 2019	31 March 2018	1 April 2017
Fair value at grant date	₹	43.72 - 146.98	43.72 - 93.86	29.35 - 93.86
Share price at grant date	₹	79.80 - 165.30	79.80 - 165.30	56.85 - 108.00
Exercise price	₹	2.00 - 120.00	2.00 - 120.00	2.00 - 60.00
Expected volatility (weighted average volatility)	%	39.83 - 49.99	42.00 - 49.99	42.00 - 58.13
Expected life (expected weighted average life)	years	2.38 - 5.21	3.84 - 5.21	4.42 - 4.80
Expected dividends	%	0.48 - 1.02	0.48 - 1.02	0.61 - 1.06
Risk-free interest rate (based on government bonds)	%	6.80 - 8.06	6.80 - 7.82	6.92 - 8.35

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior

C Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option plans were as follows:

MESOP, 2007

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Number of share options	Wtd. Avg. price (₹)	Number of share options	Wtd. Avg. price (₹)
Outstanding options at the beginning of the year	660,000	88.64	214,000	60.00
Add: Granted during the year	1,605,083	87.58	515,000	96.70
Less: Exercised during the year	37,500	60.00	69,000	60.00
Less: Lapsed/forfeited during the year	332,273	73.10	-	-
Outstanding options at the end of the year	**1,895,310**	**91.03**	**660,000**	**88.64**
Options vested and exercisable at the end of the year	45,000	82.22	10,000	60.00

The options outstanding at 31 March 2019 have an exercise price in the range of ₹ 2 to ₹ 120 (31 March 2018: ₹ 60 to ₹ 120) and a weighted average remaining contractual life of 1.2 years (31 March 2018: 2.5 years).

The weighted average share price at the date of exercise for share options exercised in 2018-19 was ₹ 110.06 (2017-18: ₹ 158.86).

Notes
to the Financial Statements (Continued)

Note 42 : Share-based payments (Contd.)

MRSOP 2014

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Number of share options	Wtd. Avg. price (₹)	Number of share options	Wtd. Avg. price (₹)
Outstanding options at the beginning of the year	510,000	59.65	320,000	2.00
Add: Granted during the year	300,000	100.00	300,000	100.00
Less: Exercised during the year	-	-	-	-
Less: Lapsed/forfeited during the year	210,000	2.00	110,000	2.00
Outstanding options at the end of the year	**600,000**	**100.00**	**510,000**	**59.65**
Options vested and exercisable at the end of the year	-	-	-	-

The options outstanding at 31 March 2019 have an exercise price of ₹ 100 (31 March 2018: ₹ 2 to ₹ 100) and a weighted average remaining contractual life of 2.09 years (31 March 2018: 1.85 years).

No share options were exercised during the year FY 18-19 and FY 17-18.

D Equity shares reserved for issue under options

(₹ in Lacs)

	No. of options granted	Exercise price (₹)	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
			No. of options	Amount	No. of options	Amount	No. of options	Amount
Under MESOP 2007:								
Tranche II	250,000	60.00	-	-	-	-	40,000	0.80
Tranche V	150,000	60.00	-	-	-	-	14,000	0.28
Tranche VI	50,000	60.00	20,000	0.40	20,000	0.40	35,000	0.70
Tranche XI	125,000	60.00	-	-	125,000	2.50	125,000	2.50
Tranche XII	125,000	60.00	-	-	125,000	2.50	-	-
Tranche XIII	225,000	100.00	225,000	4.50	225,000	4.50	-	-
Tranche XIV	90,000	120.00	90,000	1.80	90,000	1.80	-	-
Tranche XV	75,000	120.00	75,000	1.50	75,000	1.50	-	-
Tranche XVI A	726,083	120.00	630,310	12.61	-	-	-	-
Tranche XVI B	322,000	2.00	308,000	6.16	-	-	-	-
Tranche XVII	8,000	2.00	4,000	0.08	-	-	-	-
Tranche XVIII	6,000	2.00	6,000	0.12	-	-	-	-
Tranche XIX	60,000	100.00	60,000	1.20	-	-	-	-
Tranche XX	30,000	120.00	30,000	0.60	-	-	-	-
Tranche XXI	100,000	120.00	100,000	2.00	-	-	-	-
Tranche XXII	44,000	2.00	38,000	0.76	-	-	-	-
Tranche XXIII	9,000	120.00	9,000	0.18	-	-	-	-
Tranche XXIV A	125,000	100.00	125,000	2.50	-	-	-	-
Tranche XXIV B	175,000	100.00	175,000	3.50	-	-	-	-
Under MRSOP 2014:								
Tranche I (A)	650,000	2.00	-	-	210,000	4.20	320,000	6.40
Tranche I (C)	300,000	100.00	300,000	6.00	300,000	6.00	-	-
Tranche I (D)	300,000	100.00	300,000	6.00	-	-	-	-

Notes
to the Financial Statements (Continued)

NOTE 43 : Related parties

(i) Name of related parties and description of relationship:

A	Names of the Related parties where control exists	Nature of Relationship
	Magma Housing Finance Limited	Subsidiary Company (w.e.f. 1 April 2017)
	[Formerly Magma Housing Finance (A Public Company With Unlimited Liability)]	Step down Subsidiary Company (upto 31 March 2017)
	Magma ITL Finance Limited	Erstwhile subsidiary [Refer Note 50 (B), for accounting of merger with the Company w.e.f 1 April 2017]

B	Joint Venture
	Magma HDI General Insurance Company Limited
	Jaguar Advisory Services Private Limited

C	Key Managerial Personnel ('KMP') and their Relatives	Nature of Relationship
	Mr. Mayank Poddar	Whole Time Director
	Mr. Sanjay Chamria	Vice Chairman and Managing Director
	Mr. Kailash Baheti	Chief Financial Officer
	Mrs. Shabnum Zaman	Company Secretary
	Mr. Harshvardhan Chamria	Relative of Key Managerial personnel

D	Directors	Nature of Relationship
	Mr. Narayan K Seshadri	Chairman and Independent Director
	Mr. Sanjay Nayar	Director (upto 19 April 2018)
	Mr. Satyabrata Ganguly	Independent Director
	Mr. Nabankur Gupta	Independent Director (upto 7 December 2018)
	Ms. Madhumita Dutta-Sen	Director (w.e.f. 29 August 2017)
	Mr. V K Viswanathan	Independent Director
	Mrs. Ritva Kaarina Laukkanen	Director (upto 15 May 2017)

E	Private Company in which KMP/Director or his relative is Member or Director
	Celica Developers Private Limited
	Microfirm Capital Private Limited
	Experian Credit Information Company of India Private Limited

Notes
to the Financial Statements (Continued)

Note 43 : Related parties (Contd.)

(ii) Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:

(₹ in Lacs)

	Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2019	Outstanding amount as at 31 March 2019	Transaction value for the year ended 31 March 2018	Outstanding amount as at 31 March 2018	Outstanding amount as at 1 April 2017
A)	**Subsidiary**						
	Magma Housing Finance Limited [Formerly Magma Housing Finance (A public company with unlimited liability)]	Cost allocation made*	1,334.01	-	947.32	-	-
		Investment in equity shares	-	21,970.94	-	21,970.94	21,970.94
		Long-term loans and advances given	35,000.00	-	-	-	-
		Refund of long-term loans and advances given	35,000.00	-	-	-	-
		Direct assignment purchase	22,802.95	-	-	-	-
		Direct assignment servicing fees paid	1.90	1.32	-	-	-
		Unsecured loan taken	-	-	-	-	3,500.00
		Refund of unsecured loan taken	-	-	3,500.00	-	-
		Interest income	870.41	-	-	-	-
		Interest expense	-	-	398.62	-	-
B)	**Joint venture**						
1	Magma HDI General Insurance Company Limited	Investment in equity shares	-	8,267.87	-	6,300.00	6,300.00
		Purchase of equity shares	2,055.56	-	-	-	-
		Short-term loans and advances given	21,247.52	848.39	18,124.34	563.37	702.61
		Refund / adjustment of short-term loans and advances given	20,962.50	-	18,263.58	-	-
		Cost allocation made*	-	-	924.83	-	-
		Claims received	10.42	-	-	-	-
		Insurance commission income	1,730.64	125.01	1,289.36	90.21	28.13
		Insurance premium paid	16.98	-	13.53	-	-
		Sale of fixed asset	-	-	87.40	-	-
2	Jaguar Advisory Services Private Limited	Investment in equity shares	-	2.20	-	2.20	2.20

Notes
to the Financial Statements (Continued)

Note 43 : Related parties (Contd.)

(ii) Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:

(₹ in Lacs)

	Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2019	Outstanding amount as at 31 March 2019	Transaction value for the year ended 31 March 2018	Outstanding amount as at 31 March 2018	Outstanding amount as at 1 April 2017
C)	**Private Company in which director is member or director**						
1	Celica Developers Private Limited	Advances given #	-	159.55	-	155.34	155.98
		Prepaid rent #	-	3.33	-	7.12	5.23
		Rent expense	253.30	-	251.69	-	-
		Equity dividend paid	235.48	-	235.48	-	-
2	Experian Credit Information Company of India Private Limited	Annual subscription	-	-	0.06	-	-
		Professional fees	-	-	39.49	-	-
		Capital work-in-progress	-	-	69.00	-	-
3	Microfirm Capital Private Limited	Equity dividend paid	272.13	-	272.13	-	-
D)	**Key Managerial Personnel**						
1	Mr. Mayank Poddar	Rent expense	-	-	-	-	-
		Director's remuneration	168.40	-	150.00	-	-
2	Mr. Sanjay Chamria	Director's remuneration	224.40	-	200.00	-	-
		Provision for commission	270.00	270.00	230.00	230.00	-
3	Mr. Kailash Baheti	Salary	221.58	-	246.82	-	-
		Amount received against exercise of ESOP	-	-	18.00	-	-
4	Mrs. Shabnum Zaman	Salary	26.95	-	22.33	-	-
E)	**Directors**						
1	Mr. Narayan K Seshadri	Sitting fees	20.10	-	17.30	-	-
		Commission	65.00	65.00	65.00	65.00	-
2	Mr. Nabankur Gupta	Sitting fees	8.00	-	16.20	-	-
		Commission	22.50	22.50	45.00	45.00	-
3	Mr. Satya Brata Ganguly	Sitting fees	14.40	-	24.50	-	-
		Commission	45.00	45.00	45.00	45.00	-
4	Mr. V K Viswanathan	Sitting fees	21.00	-	19.20	-	-
		Commission	45.00	45.00	45.00	45.00	-
5	Mrs. Madhumita Dutta-Sen	Sitting fees	4.00	-	2.00	-	-
6	Mr. Sanjay Nayar	Sitting fees	-	-	3.00	-	-
7	Mrs. Ritva Kaarina Laukkanen	Sitting fees	-	-	2.00	-	-
F)	**Other related parties**						
	Mr. Harshvardhan Chamria	Salary	89.32	-	90.66	-	-

Related parties identified includes related parties as per section 2(76) of the Companies Act, 2013.

* represents expenses recovered towards infrastructural support, operational assistance and other services.

includes the impact of fair valuation of security deposits.

Notes
to the Financial Statements (Continued)

Note 43 : Related parties (Contd.)

(iii) Compensation of key managerial personnel

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Short-term employee benefits	900.01	839.50
Post-employment defined benefit*	11.32	9.65
Share-based payments	-	18.00
Total	**911.33**	**867.15**

*Excludes provision for encashable leave and gratuity for certain key management personnel as these are determined for the Company as a whole.

Terms and conditions

All transactions with these related parties are priced on an arm's length basis. Outstanding amount as at the end of the year, in respect of loan and advances are unsecured and to be settled in cash and / or adjusted against goods or services.

Note 44 : Contingent liabilities and commitments

1) Contingent liabilities and commitments (to the extent not provided for)

A) Contingent liabilities

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Claims against the Company not acknowledged as debt			
i) Income tax matters under dispute	235.76	265.52	295.12
ii) VAT matters under dispute	1,129.51	321.46	240.49
iii) Service tax matters under dispute	431.29	431.29	424.14
iv) Legal cases against the Company *	198.62	123.96	116.32

* 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. Future cash outflows in respect of the above, if any, is determinable only on receipt of judgement / decisions pending with the relevant authorities

B) Commitments

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,026.79	909.39	872.54

C) The amount included above represents best possible estimate arrived at on the basis of available information. The Management believes that it has a reasonable case in its defense of the proceedings and accordingly no further provision has been created.

D) The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. As at year end, the Company does not have any long term contracts (including derivative contracts) for which there were material foreseeable losses.

2) Others

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 against which ₹ 404 lacs was paid and charged to the statement of profit and loss in earlier years. Both, the Company and the Department had gone into appeal in CESTAT against the order. Finally, in July 2017, order has been passed by Calcutta High Court where in Company's appeal has been allowed except for ₹ 93

Note 44 Contingent liabilities and commitments (Contd.)

lacs. Accordingly, the Company has filed application seeking refund of balance amount of ₹ 311 lacs from Department and is following up the same from the Department.

B) 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 High Court of Calcutta. The writ petition was dismissed by the Hon'ble High Court of Calcutta. The Company has filed an appeal against the order in the Division Bench of the Hon'ble High Court of Calcutta which has been admitted and next hearing is awaited. However, basis prudence, the Company has recorded a provision for the same amounting to ₹ 397.38 lacs during the year

C) On February 28, 2019, the Supreme Court of India held that allowances paid by establishments to its employees which meet the test of universality should be considered as 'basic wages' while computing provident fund amounts for employees whose basic wages is less than statutory thresholds. The petitioners have filed a review petition against the Order. Basis legal consultation, the Management has been advised that there are interpretative challenges on the application of the aforesaid judgement. On evaluation of the impact of the aforesaid judgement, the Management is of the view that no material additional liability would arise on account of the same in the current financial year.

Note 45 : Transfers of financial assets

In the ordinary course of business, the Company enters into transactions that result in the transfer of financial assets. In accordance with the accounting policy set out in Note 2, the transferred financial assets continue to be recognised or derecognised as per the conditions specified in Ind AS.

The Company transfers financial assets that are not derecognised in their entirety are primarily through securitisation transactions, in which loans to customers are transferred to securitisation special purpose vehicles.

Transferred financial assets that are not derecognised in their entirety

Securitisation

Certain loans to customers are sold by the Company to securitisation special purpose vehicles, which in turn issue Pass Through Certificates ('PTC') to investors collateralised by the purchased assets. In securitisation transactions entered, the Company transfers loans to an unconsolidated securitisation vehicle, however it retains credit risk (principally by providing credit enhancement). The Company retains substantial risks and rewards of such loan transferred and accordingly, does not derecognise the loans transferred in its entirety and recognises an associated liability for the consideration received.

The following table sets out the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(₹ in Lacs)

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
	Loans to customers	**Loans to customers**
As at 31 March 2019		
Assets		
Securitisation	4,734.56	329,201.13
Carrying amount of assets	**4,734.56**	**329,201.13**
Associated liabilities		
Loans from PTC Investors	4,935.67	328,240.12
Carrying amount of associated liabilities	**4,935.67**	**328,240.12**
For those liabilities that have recourse only to the transferred financial assets		

Notes
to the Financial Statements (Continued)

Note 45 : Transfers of financial assets (Contd.)

(₹ in Lacs)

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
	Loans to customers	**Loans to customers**
Assets		
Securitisation	4,726.60	333,209.84
Fair value of assets	**4,726.60**	**333,209.84**
Associated liabilities		
Loans from PTC Investors	4,935.67	326,048.95
Fair value of associated liabilities	**4,935.67**	**326,048.95**

(₹ in Lacs)

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
	Loans to customers	**Loans to customers**
As at 31 March 2018		
Assets		
Securitisation	-	239,407.08
Carrying amount of assets	**-**	**239,407.08**
Associated liabilities		
Loans from PTC Investors	-	244,675.97
Carrying amount of associated liabilities	**-**	**244,675.97**
For those liabilities that have recourse only to the transferred financial assets		
Assets		
Securitisation	-	245,274.32
Fair value of assets	**-**	**245,274.32**
Associated liabilities		
Loans from PTC Investors	-	244,912.98
Fair value of associated liabilities	**-**	**244,912.98**

(₹ in Lacs)

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
	Loans to customers	**Loans to customers**
As at 1 April 2017		
Assets		
Securitisation	-	243,927.59
Carrying amount of assets	**-**	**243,927.59**
Associated liabilities		

Note 45 : Transfers of financial assets (Contd.)

(₹ in Lacs)

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
	Loans to customers	Loans to customers
Loans from PTC Investors	-	245,230.38
Carrying amount of associated liabilities	**-**	**245,230.38**
For those liabilities that have recourse only to the transferred financial assets		
Assets		
Securitisation	-	247,020.88
Fair value of assets	**-**	**247,020.88**
Associated liabilities		
Loans from PTC Investors	-	246,135.83
Fair value of associated liabilities	**-**	**246,135.83**

Note 46 : Financial instruments - fair value and risk management

A. Financial instruments by category

The following table shows the carrying amounts of financial assets and financial liabilities.

(₹ in Lacs)

Particulars	As at 31 March 2019			
	Others	FVTPL	FVTOCI	Amortised cost
Financial assets:				
Cash and cash equivalents	-	-	-	56,741.02
Bank balance other than cash and cash equivalents	-	-	-	36,528.10
Receivables	-	-	-	1,096.98
Loans	-	-	234,577.18	1,079,208.22
Other investment	-	0.99	-	0.16
Investments in subsidiary and joint venture	30,241.01	-	-	-
Other financial assets	-	4,862.46	-	8,666.29
	30,241.01	**4,863.45**	**234,577.18**	**1,182,240.77**
Financial liabilities:				
Derivative financial instruments	-	-	-	-
Trade payables	-	-	-	36,487.06
Debt securities	-	-	-	36,279.16
Borrowings (other than debt securities)	-	-	-	1,047,286.77
Subordinated liabilities	-	-	-	91,404.98
Other financial liabilities	-	-	-	23,720.40
	-	**-**	**-**	**1,235,178.37**

(₹ in Lacs)

Particulars	As at 31 March 2018			
	Others	FVTPL	FVTOCI	Amortised cost
Financial assets:				
Cash and cash equivalents	-	-	-	9,270.23
Bank balance other than cash and cash equivalents	-	-	-	30,509.64
Receivables	-	-	-	371.89
Loans	-	-	63,548.77	1,151,887.59
Other investment	-	2,283.27	-	0.16
Investments in subsidiary and joint venture	28,273.14	-	-	-
Other financial assets	-	6,644.09	-	8,003.57
	28,273.14	**8,927.36**	**63,548.77**	**1,200,043.08**

Notes
to the Financial Statements (Continued)

Note 46 : Financial instruments - fair value and risk management (Contd.)

(₹ in Lacs)

Particulars	As at 31 March 2018			
	Others	FVTPL	FVTOCI	Amortised cost
Financial liabilities:				
Derivative financial instruments	-	59.57	-	-
Trade payables	-	-	-	31,889.68
Debt securities	-	-	-	24,233.10
Borrowings (other than debt securities)	-	-	-	983,346.16
Subordinated liabilities	-	-	-	102,223.97
Other financial liabilities	-	-	-	24,563.27
	-	**59.57**	**-**	**1,166,256.18**

(₹ in Lacs)

Particulars	As at 1 April 2017			
	Others	FVTPL	FVTOCI	Amortised cost
Financial assets:				
Cash and cash equivalents	-	-	-	12,700.12
Bank balance other than cash and cash equivalents	-	-	-	28,397.74
Receivables	-	-	-	686.49
Loans	-	-	78,915.72	1,136,188.58
Other investment	-	1,571.73	-	0.16
Investments in subsidiary and joint venture	28,273.14	-	-	-
Other financial assets	-	7,416.47	-	10,403.96
	28,273.14	**8,988.20**	**78,915.72**	**1,188,377.05**
Financial liabilities:				
Derivative financial instruments	-	-	-	-
Trade payables	-	-	-	21,774.10
Debt securities	-	-	-	53,801.32
Borrowings (other than debt securities)	-	-	-	963,758.77
Subordinated liabilities	-	-	-	110,518.76
Other financial liabilities	-	-	-	34,632.33
	-	**-**	**-**	**1,184,485.28**

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Lacs)

As at 31 March 2019	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans	-	-	234,577.18	234,577.18
Other investment	-	0.99	-	0.99
Other financial assets	-	4,862.46	-	4,862.46
	-	**4,863.45**	**234,577.18**	**239,440.63**
Financial liabilities:				
Derivative financial instruments	-	-	-	-

Note 46 : Financial instruments - fair value and risk management (Contd.)

	-	-	-	-

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

(₹ in Lacs)

As at 31 March 2019	Amortised cost	Fair Value	Level 1	Level 2	Level 3	Total
Financial assets:						
Bank balance other than cash and cash equivalents"	36,528.10	36,529.81	-	36,529.81	-	36,529.81
Loans	1,079,208.22	1,093,711.38	-	-	1,093,711.38	1,093,711.38
Other investments	0.16	0.16	-	0.16	-	0.16
Other financial assets	8,666.29	8,666.29	-	8,666.29	-	8,666.29
	1,124,402.77	**1,138,907.64**	**-**	**45,196.26**	**1,093,711.38**	**1,138,907.64**
Financial liabilities:						
Debt securities	36,279.16	36,169.82	-	36,169.82	-	36,169.82
Borrowings (other than debt securities)	1,047,286.77	1,045,095.60	-	1,045,095.60	-	1,045,095.60
Subordinated liabilities	91,404.98	92,256.46	-	92,256.46	-	92,256.46
Other financial liabilities	23,720.40	23,720.40	-	23,720.40	-	23,720.40
	1,198,691.31	**1,197,242.28**	**-**	**1,197,242.28**	**-**	**1,197,242.28**

Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Lacs)

As at 31 March 2018	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans	-	-	63,548.77	63,548.77
Other investment	-	2,283.27	-	2,283.27
Other financial assets	-	6,644.09	-	6,644.09
	-	**8,927.36**	**63,548.77**	**72,476.13**
Financial liabilities:				
Derivative financial instruments	-	59.57	-	59.57
	-	**59.57**	**-**	**59.57**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

(₹ in Lacs)

As at 31 March 2018	Amortised cost	Fair Value	Level 1	Level 2	Level 3	Total
Financial assets:						
Bank balance other than cash and cash equivalents"	30,509.64	30,497.57	-	30,497.57	-	30,497.57
Loans	1,151,887.59	1,168,588.10	-	-	1,168,588.10	1,168,588.10
Other investments	0.16	0.16	-	0.16	-	0.16
Other financial assets	8,003.57	8,003.57	-	8,003.57	-	8,003.57
	1,190,400.96	**1,207,089.40**	**-**	**38,501.30**	**1,168,588.10**	**1,207,089.40**
Financial liabilities:						
Debt securities	24,233.10	24,808.61	-	24,808.61	-	24,808.61
Borrowings (other than debt securities)	983,346.16	983,586.49	-	983,586.49	-	983,586.49
Subordinated liabilities	102,223.97	108,320.17	-	108,320.17	-	108,320.17

Notes
to the Financial Statements (Continued)

Note 46 : Financial instruments - fair value and risk management (Contd.)

(₹ in Lacs)

As at 31 March 2018	Amortised cost	Fair Value	Level 1	Level 2	Level 3	Total
Other financial liabilities	24,563.27	24,563.27	-	24,563.27	-	24,563.27
	1,134,366.50	**1,141,278.54**	**-**	**1,141,278.54**	**-**	**1,141,278.54**

Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Lacs)

As at 1 April 2017	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans	-	-	78,915.72	78,915.72
Other investment	-	1,571.73	-	1,571.73
Other financial assets	-	7,416.47	-	7,416.47
	-	**8,988.20**	**78,915.72**	**87,903.92**
Financial liabilities:				
Derivative financial instruments	-	-	-	-
	-	**-**	**-**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

(₹ in Lacs)

As at 1 April 2017	Amortised cost	Fair Value	Level 1	Level 2	Level 3	Total
Financial assets:						
Bank balance other than cash and cash equivalents"	28,397.74	28,487.93	-	28,487.93	-	28,487.93
Loans	1,136,188.58	1,142,720.31	-	-	1,142,720.31	1,142,720.31
Other investments	0.16	0.16	-	0.16	-	0.16
Other financial assets	10,403.96	10,403.96	-	10,403.96	-	10,403.96
	1,174,990.44	**1,181,612.36**	**-**	**38,892.05**	**1,142,720.31**	**1,181,612.36**
Financial liabilities:						
Debt securities	53,801.32	53,914.82	-	53,914.82	-	53,914.82
Borrowings (other than debt securities)	963,758.77	964,679.32	-	964,679.32	-	964,679.32
Subordinated liabilities	110,518.76	117,420.41	-	117,420.41	-	117,420.41
Other financial liabilities	34,632.33	34,632.33	-	34,632.33	-	34,632.33
	1,162,711.18	**1,170,646.88**	**-**	**1,170,646.88**	**-**	**1,170,646.88**

Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximate their fair value. These financial instruments include cash in hand, balances with other banks, receivables, trade payables and certain other financial assets and liabilities, with maturities less than a year from the balance sheet date. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand

C. Valuation framework

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximise the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Note 46 : Financial instruments - fair value and risk management (Contd.)

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances

Financial instruments measured at fair value and fair value of financial instruments carried at amortised cost

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable
Financial assets and liabilities measured at FVOCI	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	The discount rate is the average lending rate at which the loans are disbursed.	There is an inverse correlation. Higher the discount rate i.e average lending rate for the disbursed loans, lower the fair value of the assets.
Financial assets measured at FVTPL	Comparable company method (CCM) considering Price/Sales ('P/S') multiple and NAV based method.	Not applicable	Not applicable
Investment	Comparable company method (CCM) considering Price/Sales ('P/S') multiple and NAV based method.	Not applicable	Not applicable
Derivative instruments	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates that reflects the credit risk of various parties.	Not applicable	Not applicable

D. Movement in Level 3 financial instruments measured at fair value

(₹ in Lacs)

Particulars	As at 1 April 2018	Purchase / origination	Sales / run-off	Transfer into Level 3	Interest income	Other Comprehensive Income	As at 31 March 2019
Financial instruments at FVOCI*	67,912.69	114,662.10	165,879.76	199,068.59	33,571.27	(91.56)	249,243.33

Particulars	As at 1 April 2017	Purchase / origination	Sales / run-off	Transfer into Level 3	Interest income	Other Comprehensive Income	As at 31 March 2018
Financial instruments at FVOCI*	83,420.19	3,645.58	30,090.20	-	10,836.43	100.69	67,912.69

* The above numbers are gross carrying amount. Refer Note 47

Notes
to the Financial Statements (Continued)

Note 47 : Financial risk management
The Company assumes credit risk, market risk, compliance risk, operational risk and reputational risk in the normal course of it business. This exposes the company to a substantial level of inherent financial risk.

i Risk management framework
The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

ii Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's asset on finance;

The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- a breach of contract such as a default or past due event
- when a borrower becomes 3 months overdue in its contractual payments;

The risk management committee has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc (as applicable).

b) Probability of default (PD)

Days past due (DPD) analysis is the primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by type of product or borrower as well as by DPD. The Company employs statistical models to analyse the data collected and generate estimates of the PD of exposures and how these are expected to change as a result of passage of time.

Expected loss has been calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default was calculated for 3 scenarios: upside (16%), downside (16%) and base (68%). These weightage has been decided on best practices and expert's judgement.

c) Definition of default

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 3 months overdue on its contractual payments.

Note 47 : Financial risk management (Contd.)

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Following indicators are incorporated

- DPD analysis as on each reporting date
- significant increase in credit risk on other financial instruments of same borrower
- significant changes in value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

d) Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation; To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios.

e) Loss given default (LGD)

Loss given default (LGD) represents estimated financial loss the company is likely to suffer in respect of default account and it is used to calculate provision requirement on EAD along with PD. The Company uses collection details on previously defaulted cases for calculating LGD including estimated direct cost of collection from default cases. Appropriate discounting rates are applied to calculate present value of future estimated collection net of direct collection cost. LGD thus calculated is used for all stages, i.e. Stage 1, Stage 2 and Stage 3.

f) Discounting

ECL is computed by estimating timing of expected credit shortfalls associated with defaults and discounting them using effective interest rate.

g) Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 1 month overdue, the credit risk is deemed to have increased significantly since initial recognition.

The Company has applied a three-stage approach to measure expected credit losses (ECL) on loans and other credit exposures accounted for at amortised cost and FVOCI. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

(a) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(b) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognised.

(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost.

h) Expected credit loss on loans

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, product type, collateral type, and other relevant factors.

The Company considers defaulted assets as those which are contractually 3 months overdue, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually 1 month overdue are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously

Notes
to the Financial Statements (Continued)

Note 47 : Financial risk management (Contd.)

assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurementof ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as macro economic inputs. As required by Ind AS 109, Macro Economic (ME) overlays are required to be factored in ECL Models and accordingly, Company have used agricultural produce and retail inflation as the relevant ME variable. Overtime, new ME variable may emerge to have a better corelation and may replace ME being used now.

Policy on write off of loan assets

Financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised as income in statement of profit or loss.

The following table provides information about the exposure to credit risk and expected credit loss for assets on finance.

Loans measured at amortised cost (Including trade advance, excluding staff loans and EIS receivables)

(₹ in Lacs)

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at 31 March 2019				
Current (not past due)	865,197.24	0.76%	6,560.57	No
Upto 1 month overdue	76,217.66	3.94%	3,006.15	No
More than 1 month and upto 2 months overdue	79,002.44	7.45%	5,889.04	No
More than 2 month and upto 3 months overdue	41,958.55	11.89%	4,989.29	No
More than 3 months overdue	57,622.72	33.49%	19,298.50	Yes
	1,119,998.61	**3.55%**	**39,743.55**	
As at 31 March 2018				
Current (not past due)	899,534.04	1.17%	10,561.74	No
Upto 1 month overdue	86,398.93	5.99%	5,175.35	No
More than 1 month and upto 2 months overdue	66,861.83	10.00%	6,685.26	No
More than 2 month and upto 3 months overdue	81,123.05	15.24%	12,360.93	No
More than 3 months overdue	112,390.77	52.02%	58,461.28	Yes
	1,246,308.62	**7.48%**	**93,244.56**	
As at 1 April 2017				
Current (not past due)	813,119.11	1.19%	9,663.75	No
Upto 1 month overdue	100,126.51	6.04%	6,044.43	No
More than 1 month and upto 2 months overdue	74,236.65	10.22%	7,588.73	No

Note 47 : Financial risk management (Contd.)

More than 2 month and upto 3 months overdue	84,018.14	14.88%	12,504.33	No
More than 3 months overdue	155,112.57	34.61%	53,686.11	Yes
	1,226,612.98	**7.30%**	**89,487.35**	

Loans at fair value through OCI

(₹ in Lacs)

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at 31 March 2019				
Current (not past due)	211,912.69	1.74%	3,682.68	No
Upto 1 month overdue	5,892.88	11.26%	663.66	No
More than 1 month and upto 2 months overdue	5,217.23	24.11%	1,257.90	No
More than 2 month and upto 3 months overdue	12,525.81	16.49%	2,066.13	No
More than 3 months overdue	13,694.72	51.08%	6,995.78	Yes
	249,243.33	**5.88%**	**14,666.15**	
As at 31 March 2018				
Current (not past due)	44,466.69	0.88%	390.85	No
Upto 1 month overdue	5,486.40	4.24%	232.72	No
More than 1 month and upto 2 months overdue	4,182.85	11.40%	476.92	No
More than 2 month and upto 3 months overdue	7,758.08	15.45%	1,198.43	No
More than 3 months overdue	6,018.67	34.31%	2,065.00	Yes
	67,912.69	**6.43%**	**4,363.92**	
As at 1 April 2017				
Current (not past due)	59,680.48	0.90%	539.36	No
Upto 1 month overdue	7,153.44	4.20%	300.39	No
More than 1 month and upto 2 months overdue	5,669.00	11.44%	648.56	No
More than 2 month and upto 3 months overdue	4,505.90	15.37%	692.71	No
More than 3 months overdue	6,411.37	36.24%	2,323.45	Yes
	83,420.19	**5.40%**	**4,504.47**	

Expected credit loss on trade receivables and other financial assets

Trade receivables primarily includes receivables against sale of power, support services and operating lease. These receivables are of short term nature and there has been no impairment allowance on the same. Credit risk on excess interest spread receivable is low as it primarily falls in Stage 1. Other financial asset are measured at FVTPL and hence the credit risk is already factored in the fair value.

Notes
to the Financial Statements (Continued)

Note 47 : Financial risk management (Contd.)

Cash and cash equivalents and bank balance other than cash and cash equivalents
The Company holds cash and cash equivalents and bank balance of ₹ 93,269.12 lacs at 31 March 2019 (31 March 2018: ₹ 39,779.87 lacs; 1 April 2017: ₹ 41,097.86 lacs). The cash and cash equivalents are held with bank and financial institution counterparties with acceptable credit ratings.

Derivatives
The derivatives are entered into with bank and financial institution counterparties with acceptable credit ratings.

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows :

i) Movements in the gross carrying amount in respect of loans, i.e. asset on finance

Loans measured at amortised cost (Including trade advance, excluding staff loans and EIS receivables)

(₹ in Lacs)

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 1 April 2017	913,245.62	158,254.79	155,112.57
Transfer to Stage 1	29,294.44	(25,550.98)	(3,743.47)
Transfer to Stage 2	(102,289.38)	114,759.16	(12,469.78)
Transfer to Stage 3	(25,217.26)	(29,627.45)	54,844.70
New financial assets originated or purchased	590,792.61	20,382.01	3,084.40
Financial assets that have been derecognised / repaid	(416,813.90)	(87,402.40)	(65,018.07)
Write offs	(3,079.16)	(2,830.25)	(19,419.58)
Gross carrying amount on 31 March 2018	**985,932.97**	**147,984.88**	**112,390.77**
Transfer to Stage 1	28,270.33	(26,251.03)	(2,019.30)
Transfer to Stage 2	(88,399.94)	91,619.41	(3,219.48)
Transfer to Stage 3	(18,394.17)	(29,336.73)	47,730.90
Transfer from Amortised cost to Fair value through OCI	(188,302.88)	(3,960.09)	(6,805.62)
New financial assets originated or purchased	607,365.63	18,039.36	2,814.68
Financial assets that have been derecognised / repaid	(381,704.94)	(74,117.20)	(64,208.18)
Write offs	(3,352.10)	(3,017.61)	(29,061.05)
Gross carrying amount on 31 March 2019	**941,414.90**	**120,960.99**	**57,622.72**

Loans at fair value through OCI

(₹ in Lacs)

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 1 April 2017	66,833.92	10,174.90	6,411.37
Transfer to Stage 1	3,261.18	(2,436.68)	(824.50)
Transfer to Stage 2	(5,454.01)	7,409.86	(1,955.86)
Transfer to Stage 3	(2,043.98)	(1,642.24)	3,686.22
New financial assets originated or purchased	3,645.58	-	-
Financial assets that have been derecognised / repaid	(16,113.25)	(1,541.41)	(918.53)
Write offs	(176.35)	(23.50)	(380.03)
Gross carrying amount on 31 March 2018	**49,953.09**	**11,940.93**	**6,018.67**
Transfer to Stage 1	3,625.79	(3,377.10)	(248.69)
Transfer to Stage 2	(4,008.80)	4,335.26	(326.47)

Note 47 : Financial risk management (Contd.)

Transfer to Stage 3	(6,185.31)	(1,664.42)	7,849.73
Transfer from Amortised cost to Fair value through OCI	188,302.88	3,960.09	6,805.62
New financial assets originated or purchased	107,010.35	7,178.12	473.63
Financial assets that have been derecognised / repaid	(120,049.80)	(4,189.82)	(3,658.63)
Write offs	(842.63)	(440.02)	(3,219.14)
Gross carrying amount on 31 March 2019	**217,805.57**	**17,743.04**	**13,694.72**

ii) Movements in the allowance for impairment in respect of loans, i.e. asset on finance

The movement in the allowance for impairment in respect of asset on finance is as follows:

Loans measured at amortised cost (Including trade advance, excluding staff loans and EIS receivables)

(₹ in Lacs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 1 April 2017	15,708.18	20,093.06	53,686.11
Transfer to Stage 1	4,105.68	(2,910.22)	(1,195.46)
Transfer to Stage 2	(2,647.88)	6,644.38	(3,996.49)
Transfer to Stage 3	(1,019.78)	(4,482.92)	5,502.70
New financial assets originated or purchased	8,027.30	2,305.08	1,040.56
Financial assets that have been derecognised / repaid	(7,796.71)	(523.52)	24,542.83
Write offs	(639.70)	(2,079.67)	(21,118.97)
Loss allowance on 31 March 2018	**15,737.09**	**19,046.19**	**58,461.28**
Transfer to Stage 1	3,581.08	(2,957.43)	(623.66)
Transfer to Stage 2	(2,352.14)	3,376.73	(1,024.58)
Transfer to Stage 3	(624.37)	(4,434.21)	5,058.59
Transfer from Amortised cost to Fair value through OCI	(4,291.76)	(1,829.66)	(5,059.17)
New financial assets originated or purchased	5,547.07	1,498.14	887.61
Financial assets that have been derecognised / repaid	(7,699.09)	(1,856.39)	(17,449.37)
Write offs	(331.16)	(1,965.04)	(20,952.20)
Loss allowance on 31 March 2019	**9,566.72**	**10,878.33**	**19,298.50**

Loans at fair value through OCI

(₹ in Lacs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 1 April 2017	839.75	1,341.27	2,323.45

Notes
to the Financial Statements (Continued)

Note 47 : Financial risk management (Contd.)

(₹ in Lacs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Transfer to Stage 1	610.17	(305.92)	(304.25)
Transfer to Stage 2	(122.59)	846.82	(724.24)
Transfer to Stage 3	(39.47)	(220.96)	260.43
New financial assets originated or purchased	23.76	-	-
Financial assets that have been derecognised / repaid	(649.72)	55.70	1,001.98
Write offs	(38.33)	(41.56)	(492.37)
Loss allowance on 31 March 2018	**623.57**	**1,675.35**	**2,065.00**
Transfer to Stage 1	463.46	(386.63)	(76.83)
Transfer to Stage 2	94.29	(24.93)	(69.37)
Transfer to Stage 3	(312.23)	(144.96)	457.19
Transfer from Amortised cost to Fair value through OCI	4,291.76	1,829.66	5,059.17
New financial assets originated or purchased	2,126.50	975.00	279.77
Financial assets that have been derecognised / repaid	(2,618.61)	(1.03)	2,072.26
Write offs	(322.40)	(598.43)	(2,791.41)
Loss allowance on 31 March 2019	**4,346.34**	**3,324.03**	**6,995.78**

i) Concentration risk

Pursuant to the guidelines of the RBI, credit exposure of banks to an individual borrower must not exceed 15% of owned fund and 25% of owned fund of the Company to any single group of borrower. The Company is in compliance with these guidelines. In addition, the Company views the concentration of risk on the basis of below product category.

(₹ in Lacs)

Loans to customers (carrying value)	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Asset backed finance (ABF)	1,094,979.65	1,046,044.48	1,030,224.61
Loan against property (LAP)	63,711.52	67,912.69	83,420.19
Small and medium enterprise (SME)	208,438.68	197,673.43	193,657.46
Total	**1,367,129.85**	**1,311,630.60**	**1,307,302.26**
Loans to customers (%)			
Asset backed finance (ABF)	80.09%	79.75%	78.81%
Loan against property (LAP)	4.66%	5.18%	6.38%
Small and medium enterprise (SME)	15.25%	15.07%	14.81%
Total	**100.00%**	**100.00%**	**100.00%**

Fair value of collateral relating to credit impaired financial assets

(₹ in Lacs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Collateral value of underlying assets	87,035.25	123,324.90
Gross carrying amount	71,317.44	118,409.44
Loss allowance	26,294.28	60,526.28

Note 47 : Financial risk management (Contd.)

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions in a timely manner, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Company has obtained fund and non-fund based working capital lines from various banks. Further, the Company has access to funds from debt markets through commercial paper, non-convertible debentures and other debt instruments including term loans. Cash Credit / WCDL limits are renewed on annual basis and are therefore revolving in nature. The Company also manages liquidity by raising funds through Securitisation / assignment transactions.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities (including interest portion) at the reporting date.

(₹ in Lacs)

	Contractual cash flows					
As at 31 March 2019	**Carrying amount**	**Gross nominal outflow**	**0-12 months**	**1-3 years**	**3-5 years**	**More than 5 years**
Non - derivative financial liabilities						
Trade payables	36,487.06	36,487.06	36,487.06	-	-	-
Debt securities	36,279.16	46,107.13	9,478.05	24,379.08	6,800.00	5,450.00
Borrowings (other than debt securities)	1,047,286.77	1,139,877.82	783,084.65	317,950.81	38,841.90	0.46
Subordinated liability	91,404.98	134,493.55	26,516.89	42,872.90	34,424.85	30,678.91
Other financial liability	23,720.40	23,720.40	23,720.40	-	-	-
Derivative financial liabilities	-	-	-	-	-	-

(₹ in Lacs)

	Contractual cash flows					
As at 31 March 2018	**Carrying amount**	**Gross nominal outflow**	**0-12 months**	**1-3 years**	**3-5 years**	**More than 5 years**
Non - derivative financial liabilities						
Trade payables	31,889.68	31,889.68	31,889.68	-	-	-
Debt securities	24,233.10	32,426.65	7,196.91	11,982.38	2,347.36	10,900.00
Borrowings (other than debt securities)	983,346.16	1,104,976.77	791,166.03	270,149.99	43,660.75	-
Subordinated liability	102,223.97	148,514.28	32,496.56	35,706.97	46,431.25	33,879.50
Other financial liability	24,563.27	24,563.27	24,563.27	-	-	-
Derivative financial liabilities	59.57	59.57	59.57	-	-	-

(₹ in Lacs)

	Contractual cash flows					
As at 1 April 2017	**Carrying amount**	**Gross nominal outflow**	**0-12 months**	**1-3 years**	**3-5 years**	**More than 5 years**
Non - derivative financial liabilities						
Trade payables	21,774.10	21,774.10	21,774.10	-	-	-
Debt securities	53,801.32	63,631.32	55,240.71	995.50	1,495.11	5,900.00

Notes
to the Financial Statements (Continued)

Note 47 : Financial risk management (Contd.)

(₹ in Lacs)

As at 1 April 2017	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Borrowings (other than debt securities)	963,758.77	1,069,800.83	733,494.42	301,362.64	34,943.77	-
Subordinated liability	110,518.76	152,960.92	22,790.35	43,104.03	39,946.90	47,119.64
Other financial liability	34,632.33	34,632.33	34,632.33	-	-	-
Derivative financial liabilities	-	-	-	-	-	-

iii) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company – primarily ₹. In cases where the borrowings is denominated in foreign currency, the Company uses derivatives to manage market risks.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management is as follows:

(₹ in Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Financial liabilities - Borrowings in USD	-	5,081.57	-
Net exposure in respect of recognised assets and liabilities	**-**	**5,081.57**	**-**

Sensitivity analysis

As at 31 March 2018, every 1% increase/decrease of the foreign currencies compared to functional currency of the Company would impact results by approximately ₹ 51 lacs.

Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest bearing financial assets/ liabilities. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short-term loans.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management is as follows:

(₹ in Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Fixed rate instruments			
Financial assets	1,414,223.12	1,237,243.58	1,225,638.39
Financial liabilities	896,783.95	781,326.60	847,968.71
Variable rate instruments			
Financial assets	37,699.29	63,548.77	78,915.72
Financial liabilities	338,394.42	384,989.15	336,516.57

Note 47 : Financial risk management (Contd.)

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 bps in interest rate at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in Lacs)

Particulars	Profit or loss	
	100 bps increase	100 bps decrease
As at 31 March 2019		
Variable rate instruments	(3,006.95)	3,006.95
As at 31 March 2018		
Variable rate instruments	(3,214.40)	3,214.40

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag. The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period-end balances are not necessarily representative of the average debt outstanding during the period. This analysis assumes that all other variables remain constant.

Legal and operational risk

Legal risk

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Company has developed preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced.

As at 31 March 2019, there were legal cases pending against the Company aggregating ₹ 198.62 lacs (31 March 2018: ₹ 123.96 lacs and 1 April 2017: ₹ 116.32 lacs). Based on the opinion of the Company's legal advisors, the management believes that no substantial liability is likely to arise from these cases.

Operational risk

Operational risk framework is designed to cover all functions and verticals towards identifying the key risks in the underlying processes. The framework, at its core, has the following elements:
1. Documented Operational Risk Management Policy.
2. Well defined Governance Structure.
3. Use of Identification and Monitoring tools such as Loss Data Capture, Risk and Control Self Assessment, Key Risk Indicators.
4. Standardised reporting templates, reporting structure and frequency.
5. Regular workshops and training for enhancing awareness and risk culture.

The Company has adopted the internationally accepted 3-lines of defense approach to operational risk management. First line - Each function/vertical undergoes 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. Second line – Independent risk management vertical supports the first line in developing risk mitigation strategies and provides oversight through regular monitoring. All key risks are presented to the Risk Management Committee on a quarterly basis. Third line – Internal Audit conducts periodic risk-based audits of all functions and process to provide an independent assurance to the Audit Committee.

Notes
to the Financial Statements (Continued)

Note 48 :Change in liabilities arising from financing activities

(₹ in Lacs)

Particulars	As at 1 April 2018	Loan Taken	Loan Paid	Non Cash Changes*	As at 31 March 2019
Debt securities	24,233.10	17,000.00	(5,000.00)	46.06	36,279.16
Borrowings (other than debt securities)	983,346.16	356,127.57	(290,118.37)	(2,068.59)	1,047,286.77
Subordinated liabilities	102,223.97	10,000.00	(21,030.00)	211.01	91,404.98
Total Liabilities from financing activities	**1,109,803.23**	**383,127.57**	**(316,148.37)**	**(1,811.52)**	**1,174,970.91**
Debt securities	53,801.32	19,000.00	(48,500.00)	(68.22)	24,233.10
Borrowings (other than debt securities)	963,758.77	281,459.47	(262,060.17)	188.09	983,346.16
Subordinated liabilities	110,518.76	2,100.00	(10,700.00)	305.21	102,223.97
Total Liabilities from financing activities	**1,128,078.85**	**302,559.47**	**(321,260.17)**	**425.08**	**1,109,803.23**

* Represents adjustments on account of EIR and other adjustments

Note 49 : Capital management

The Company maintains an actively managed capital base to cover risks inherent in the business and meets the Capital Adequacy Requirements (CRAR) of the Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI. The Company has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The funding requirements are met through equity, non-convertible debentures and other long-term/ short-term borrowings. The Company's policy is aimed at appropriate combination of short-term and long term borrowings. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

i. Regulatory capital

The Company's regulatory capital consists of the sum of the following elements :

Tier 1 capital, which includes ordinary share capital, retained earnings and reserves and deduction for intangible assets and other regulatory adjustments relating to items that are not included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities and impairment provision in respect of standard assets.

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
CRAR (%) *	24.87	17.30
CRAR -Tier I Capital (%)	20.74	12.84
CRAR -Tier II Capital (%)	4.13	4.46

* For the purpose calculation of CRAR , securitization (PTC) transactions have been considered as 'off balance sheet exposures', while the corresponding investments in pass through certificates have been considered as 'on balance sheet exposures' in determination of risk weighted assets. The corresponding credit enhancement facilities have been deducted from Tier I and Tier II capital accordingly.

ii. Capital allocation

Management uses regulatory capital ratios to monitor its capital base. There is no allocation of capital required as Company is operating primarily in a single segment i.e., financing.

The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Note 50 : Business combinations

A. Amalgamation of Magma Advisory Services Limited

Pursuant to the Scheme of Amalgamation sanctioned by the Honorable Regional Director, Eastern Region, Ministry of Corporate Affairs, on 15 January, 2018, the entire business and all assets and liabilities of erstwhile Magma Advisory Services Limited (MASL), a wholly owned subsidiary company engaged in the business of manpower outsourcing and providing advisory and consultancy services, has with effect from 1 April, 2017, been transferred to and vested in the Company.

Note 50 : Business combinations (Contd.)

The amalgamation qualifies as a 'common control transaction' as Ind AS 103, Business Combinations. Consequently, the amalgamation has been accounted for using the pooling of interest method.

Magma Housing Finance Limited, previously a subsidiary of MASL and a step-down subsidiary of the Company, has become direct subsidiary of the Company

The value of net identifiable assets of the MASL acquired is ₹ 22,008.84 lacs and the difference between the value of investment and the share capital of the MASL of ₹ 25,222.22 lacs has been recognised as capital reserve.

B. Amalgamation of Magma ITL Finance Limited

Pursuant to the Scheme of Amalgamation sanctioned by the Honorable National Company Law Tribunal (NCLT), Kolkata Bench on 8 May, 2018, the entire business and all assets and liabilities of erstwhile Magma ITL Finance Limited (MITL), a wholly owned subsidiary company engaged in the business of providing finance, has with effect from 1 October, 2017, been transferred to and vested in the Company.

The Company has accounted for the Scheme with effect from 1 April 2017, under the pooling of interest method as prescribed by Ind AS 103 'Business Combination'. The appointed date considered for accounting of the Scheme under Ind AS is different from that prescribed by the NCLT, as mentioned above. Had the Company accounted for the aforesaid Scheme with effect from 1 October 2017, the 'Other Equity' as at 1 April 2017 would have been lower by ₹ 2,482.94 lacs and the total comprehensive income (net of tax) for year ended 31 March 2018 would have been lower by ₹ 5,096.45 lacs

The value of net identifiable assets of the MITL acquired is ₹ 13,422.76 lacs and the difference between the value of investment and the share capital of the MITL of ₹ 2,249.51 lacs has been adjusted with retained earnings.

Note 51 : Operating segments

The Executive Committee (EXCOM) of the Company has been identified as the Chief Operating Decision Maker (CODM) pursuant to the requirements of Ind AS 108, "Operating Segments." The Company's operating segments are established in the manner consistent with the components of the Company that are reviewed regularly by the CODM for the purpose of allocation of resources and evaluation of performance. The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108. The Company does not have operations outside India.

No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended 31 March 2019 and 31 March 2018

Note 52 : Revenue from contracts with customers

(a) Below table provides disaggregation of the Company's revenue from contracts with customers

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018
Type of service		
Fees and commission income	8,446.93	7,351.32
Other income	2,979.88	1,581.11
Total	**11,426.81**	**8,932.43**
Geographical markets		
India	11,426.81	8,932.43
Outside India	-	-
Total	**11,426.81**	**8,932.43**
Timing of recognition of revenue		
Performance obligation satisfied at a point in time	11,426.81	8,932.43
Performance obligation satisfied over period of time	-	-
Total	**11,426.81**	**8,932.43**

Notes
to the Financial Statements (Continued)

Note 52 : Revenue from contracts with customers (Contd.)

(b) Trade receivables

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018
Trade receivables	1,082.04	314.89
	1,082.04	**314.89**

Note 53 : First time adoption of Ind AS

A. Explanation of transition to Ind AS

These financial statements, for the year ended 31 March 2019, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP) and in accordance with prudential norms for income recognition, assets classification and provisioning for non-performing assets as well as contingency provision for standard assets as prescribed by the Reserve Bank of India (RBI) for NBFCs to the extent applicable (collectively referred as ""Previous GAAP""). In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018. In preparing the financial statements, the Company has applied the optional exemptions and mandatory exceptions. Significant items are explained below:

(i) Property, plant and equipment, intangible assets and investment properties

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

(ii) Business combinations

The Company has elected not to apply Ind AS 103 - Business Combinations retrospectively to past business combinations that occurred before the transition date, i.e. 1 April 2017.

(iii) Investments in group companies

The Company has elected to apply the exemption available under Ind AS 101 to use the carrying value (measured as per the previous GAAP) for all its investments in subsidiaries and joint ventures as recognised in the financial statements as at the date of transition to Ind AS, as deemed cost as at the date of transition.

(iv) Leases

The Company has availed the exemption to assess whether an arrangement contains a lease based on facts and circumstances existing on transition date.

(v) Derecognition of financial assets and liabilities

The Company has elected to apply the derecognition principles of Ind AS 109 retrospectively.

Note 53 : First time adoption of Ind AS (Contd.)

B. Reconciliation of equity and total comprehensive income
(i) Reconciliation of equity as at 1 April 2017 and 31 March 2018

(₹ in Lacs)

Particulars	Notes to first-time adoption	As at 1 April 2017			As at 31 March 2018		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
ASSETS							
Financial assets							
Cash and cash equivalents	-	12,700.12	-	12,700.12	9,270.23	-	9,270.23
Bank balance other than cash and cash equivalents	-	28,397.74	-	28,397.74	30,509.64	-	30,509.64
Receivables	-	686.49	-	686.49	371.89	-	371.89
Loans	(c),(d),(e),(i)	1,030,871.82	184,232.48	1,215,104.30	1,036,957.29	178,479.07	1,215,436.36
Investments	(f)	39,096.02	(9,250.99)	29,845.03	41,227.94	(10,671.37)	30,556.57
Other financial assets	(d),(e),(J)	14,000.12	3,820.31	17,820.43	11,726.64	2,921.02	14,647.66
Non-financial assets							
Current tax assets (net)	(g)	8,770.19	-	8,770.19	10,392.33	(762.39)	9,629.94
Deferred tax assets (net)	(g)	1,971.67	17,380.29	19,351.96	2,527.05	22,009.14	24,536.19
Property, plant and equipment	-	18,315.31	-	18,315.31	16,343.31	-	16,343.31
Capital work-in-progress	-	120.96	-	120.96	11.58	-	11.58
Intangible assets under development	-	427.94	-	427.94	96.27	-	96.27
Other intangible assets	-	2,786.87	-	2,786.87	2,763.37	-	2,763.37
Other non-financial assets	(b),(d),(J)	2,809.25	(53.38)	2,755.87	2,563.76	75.37	2,639.13
Total assets		**1,160,954.50**	**196,128.71**	**1,357,083.21**	**1,164,761.30**	**192,050.84**	**1,356,812.14**
LIABILITIES							
Financial liabilities							
Derivative financial instruments	-	-	-	-	-	59.57	59.57
Trade payables	-	21,774.10	-	21,774.10	31,889.68	-	31,889.68
Debt securities	-	53,801.32	-	53,801.32	24,233.10	-	24,233.10
Borrowings (other than debt securities)	(d)	718,528.39	245,230.38	963,758.77	738,588.62	244,757.54	983,346.16
Subordinated liabilities	-	110,518.76	-	110,518.76	102,223.97	-	102,223.97
Other financial liabilities	(d)	45,481.78	(10,849.45)	34,632.33	38,764.95	(14,201.68)	24,563.27
Non-Financial Liabilities							
Current tax liabilities (net)	-	683.72	-	683.72	1,352.03	-	1,352.03
Provisions	-	1,287.17	-	1,287.17	1,200.80	-	1,200.80
Other non-financial liabilities	(J)	7,567.94	(2.53)	7,565.41	6,867.79	(1.93)	6,865.86
Total liabilities		**959,643.18**	**234,378.40**	**1,194,021.58**	**945,120.94**	**230,613.50**	**1,175,734.44**
EQUITY							
Equity share capital	-	4,739.19	-	4,739.19	4,740.57	-	4,740.57
Other equity	(h),(i),(J)	196,572.13	(38,249.69)	158,322.44	214,899.79	(38,562.66)	176,337.13
Total equity		**201,311.32**	**(38,249.69)**	**163,061.63**	**219,640.36**	**(38,562.66)**	**181,077.70**
Total liabilities and equity		**1,160,954.50**	**196,128.71**	**1,357,083.21**	**1,164,761.30**	**192,050.84**	**1,356,812.14**

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes
to the Financial Statements (Continued)

Note 53 : First time adoption of Ind AS (Contd.)

(ii) Reconciliation of total comprehensive income for the year ended 31 March 2018

(₹ in Lacs)

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Revenue from operations				
Interest Income	(c),(d),(J)	184,845.87	8,340.46	193,186.33
Rental Income	(J)	2,731.52	45.55	2,777.07
Fees and commission income	-	7,351.32	-	7,351.32
Net gain on fair value changes	(f),(J)	1.43	1,304.76	1,306.19
Net gain on derecognition of financial instruments	(d)	-	1,697.18	1,697.18
Total revenue from operations		**194,930.14**	**11,387.95**	**206,318.09**
Other income	-	3,527.58	-	3,527.58
Total income		**198,457.72**	**11,387.95**	**209,845.67**
Expenses				
Finance costs	(b),(d),(J)	80,054.18	21,201.08	101,255.26
Impairment on financial instruments	(e)	35,267.30	(5,608.62)	29,658.68
Employee benefits expenses	(i),(J)	33,053.89	5.88	33,059.77
Depreciation, amortisation and impairment	-	4,898.60	-	4,898.60
Others expenses	(J)	17,188.15	76.51	17,264.66
Total expenses		**170,462.12**	**15,674.85**	**186,136.97**
Profit before tax		**27,995.60**	**(4,286.90)**	**23,708.70**
Tax expense:				
Current tax - current year	(g)	8,282.41	727.59	9,010.00
- earlier year	(g)	(251.61)	34.80	(216.81)
Deferred tax	(g)	(555.38)	(4,651.65)	(5,207.03)
		7,475.42	**(3,889.26)**	**3,586.16**
Profit for the year		**20,520.18**	**(397.64)**	**20,122.54**
Other comprehensive income				
(i) Items that will not be reclassified to profit or loss				
- Remeasurements of the defined benefit plans	(i)	-	73.10	73.10
(ii) Income tax relating to items that will not be reclassified to profit or loss	(i)	-	(12.70)	(12.70)
Subtotal		**-**	**60.40**	**60.40**
(i) Items that will be reclassified to profit or loss				
- Debt instruments through other comprehensive income	(i)	-	(100.69)	(100.69)
(ii) Income tax relating to items that will be reclassified to profit or loss	(i)	-	35.50	35.50
Subtotal		**-**	**(65.19)**	**(65.19)**
Other comprehensive income		**-**	**(4.79)**	**(4.79)**
Total comprehensive income for the year		**20,520.18**	**(392.85)**	**20,127.33**

*Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Note 53 : First time adoption of Ind AS (Contd.)

C. Summary reconciliations between Ind-AS and Previous GAAP for equity, total comprehensive income and statement of cash flows are given below.

(i) Reconciliation of total equity as at 31 March 2018 and 1 April 2017

(₹ in Lacs)

Particulars	Notes to first-time adoption	As at 31 March 2018	As at date of transition 1 April 2017
Equity as reported under Previous GAAP		**219,640.36**	**203,789.38**
Adjustments resulting in increase / (decrease) in equity as reported under Previous GAAP :			
(a) Impact on application of expected credit loss method for impairment on financial instruments with corresponding reversal & related adjustments	(c),(e)	(61,284.47)	(64,223.85)
(b) Impact on derecognition of loans sold under direct assignment transaction and recognition of financial assets transferred under securitisation transaction	(d)	5,935.67	9,254.32
(c) Impact on recognition of financial assets and financial liabilities by application of effective interest rate.	(b),(c)	(7,128.99)	(1,869.99)
(d) Fair valuation of financial assets and liabilities carried through profit and loss	(f),(j)	2,474.07	1,115.92
(e) Fair valuation of financial assets and liabilities carried through other comprehensive income	(i)	194.31	93.62
(f) Merger of entities under common control	(a)	-	(2,478.06)
(g) Tax impact on above adjustments	(g)	21,246.75	17,380.29
Total adjustments on transition to Ind AS		**(38,562.66)**	**(40,727.75)**
Equity as per Ind AS		**181,077.70**	**163,061.63**

(ii) Reconciliation of total comprehensive income for the year ended 31 March 2018

(₹ in Lacs)

Particulars	Notes to first-time adoption	Year ended 31 March 2018
Profit after tax under Previous GAAP		**20,248.94**
Adjustments resulting in increase / (decrease) in profit after tax as reported under Previous GAAP :		
(a) Impact on application of Expected Credit Loss method for impairment on financial instruments with corresponding reversal & related adjustments	(c),(e)	2,939.38
(b) Impact on derecognition of loans sold under direct assignment transaction and recognition of financial assets transferred under securitisation transaction	(d)	(3,318.65)
(c) Impact on recognition of financial assets and financial liabilities by application of effective interest rate	(b),(c)	(5,259.00)
(d) Fair valuation of financial assets and liabilities carried through profit and loss	(f),(j)	1,279.17
(e) Merger of entities under common control	(a)	271.24
(f) Others	(i)	72.20
(g)Tax impact on above adjustments	(g)	3,889.26
Profit after tax as per Ind AS		**20,122.54**
Other comprehensive income, net of taxes	(i)	4.79
Total comprehensive income for the year		**20,127.33**

(iii) Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2018

(₹ in Lacs)

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	99,031.37	(77,967.83)	21,063.54
Net cash flow from investing activities	(7,017.05)	3,462.36	(3,554.69)
Net cash flow from financing activities	(95,428.38)	74,489.64	(20,938.74)
Net increase/(decrease) in cash and cash equivalents	**(3,414.06)**	**(15.83)**	**(3,429.89)**
Cash and cash equivalents as at 1 April 2017	12,684.29	15.83	12,700.12
Cash and cash equivalents as at 31 March 2018	**9,270.23**	**-**	**9,270.23**

Notes
to the Financial Statements (Continued)

Note 53 : First time adoption of Ind AS (Contd.)

D. Notes to the reconciliations

(a) Business combination

Pursuant to scheme of amalgamation, the Company had acquired Magma Advisory Services Limited (MASL) on 15 January 2018 and Magma ITL Finance Limited (MITL) on 8 May 2018. Under Ind AS, said transactions come under the purview of common control transactions and accordingly, the same is required to be consolidated using pooling of interest method from the beginning of the preceding period i.e. 1 April 2017. Accordingly, the book value of all assets and liabilities of Magma Advisory Services Limited (MASL) and Magma ITL Finance Limited (MITL) as at 1 April 2017 have been consolidated with the assets and liabilities of the Company. (Refer Note 50)

(b) Borrowings

Ind AS 109 requires transactions costs directly attributable to origination of borrowings to be charged to statement of profit or loss as interest expense over the contractual terms of the borrowings applying effective interest rate method. Accordingly, borrowings are required to be recorded; net of such transaction costs. Under previous GAAP, such transaction costs were shown as unamortised costs under non-current/ current assets.

(c) Loans

Ind AS 109 requires transactions cost/ income directly attributable to origination of loans to be recognised in statement of profit and loss over the contractual terms of the loans applying effective interest rate method. Ind AS 109 requires carrying amount of loans to be recorded; net of such transaction cost/ income. Under previous GAAP, such transaction costs were shown as unamortised cost under non-current/ current assets.

Further, under Ind AS, interest income on credit impaired loan assets (non performing assets), is calculated by applying effective interest rate to the amortised cost of such loan assets. Under previous GAAP, interest income on non performing assets was recognised upon realisation as per RBI guidelines. Under Ind AS, the loan assets are disclosed net of impairment allowance computed using expected credit loss model

(d) Direct assignment transactions and securitisation transaction

Under Ind AS, present value of excess interest spread receivables on de-recognised assets has been computed by discounting net cash flows from such assigned pools and income from direct assignment transaction is recognised upfront in books of accounts, disclosed as 'Net gain on Derecognition of Financials Instruments'. However, the right to receive cash flow (including resultant income) will arise as per the terms and time periods mentioned in the direct assignment agreement. Under previous GAAP, the income in respect of direct assignment was recognised only when redeemed in cash, as per regulatory guideline prescribed by the Reserve Bank of India.

Securitization (PTC) transaction do not meet the de-recognition criteria under Ind AS and are recognised in books of accounts as loan assets. The corresponding consideration received is recognised as borrowings (net of investments made in Pass through Certificates). The interest income from loan assets and finance charges for borrowings are included in revenue from operations and finance cost respectively.

(e) Expected credit loss allowance

On transition to Ind AS, the Company has recognised impairment loss on loans and other financial assets based on the expected credit loss (ECL) model as required by Ind AS 109. Consequently, loans and other financial assets have been reduced with a corresponding decrease in retained earnings on the date of transition.

Note 53 : First time adoption of Ind AS (Contd.)

Reversal of provision includes reversal for accounts regularised in the normal course of business and on account of loan accounts written off and includes amounts adjusted in retained earnings on transition from previous GAAP to Ind AS

(f) Fair valuation of investments

Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on intention of management at the time of purchase. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. In accordance with Ind AS, the Company has recognised the net fair value changes relating to in equity instruments in the statement of profit and loss.

(g) Tax impact on adjustments

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

(h) Retained earnings

Retained earnings as at 1 April 2017 has been adjusted consequent to the above Ind AS transition adjustments

(i) Other comprehensive income

Items of income and expense that are not recognised in profit or loss but are shown in other comprehensive income includes remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI instruments. The concept of other comprehensive income did not exist under previous GAAP.

(J) Fair value of other items

Under Ind AS, the Company has fair valued some other items such as security deposits (given and taken), derivative instruments, stock options and other financial assets which was recorded under previous GAAP at carrying value or intrinsic value

Note 54 : Additional notes

a) C.I.F. value of imports of goods acquired for asset financing arrangements ₹ Nil (31 March 2018: ₹ Nil).
b) Earnings in foreign currency ₹ Nil (31 March 2018: ₹ Nil).
c) Expenditure in foreign currency on account of professional fees, travelling and others ₹ 142.82 lacs (31 March 2018: ₹ 78.29 lacs).
d) Dividend/interest remitted in foreign currency.

Particulars	Paid in year ended 31 March 2019	Paid in year ended 31 March 2018
Preference shares		
Financial year to which the dividend relates	-	2016-17
Number of shareholder	-	1
Number of shares held	-	6,500,999
Amount remitted (₹ lacs)	-	0.75

Note 55 : Loans and advances to subsidiary company pursuant to Regulation 33 (e) and 53 (f) of SEBI (Listing Obligation and Disclosure Requirements), 2015

(₹ in Lacs)

Name of the Subsidiary	Maximum Outstanding	Closing Amount Outstanding
Magma Housing Finance Limited*		
As at 31 March 2019	35,000.00	-
As at 31 March 2018	-	-
As at 1 April 2017	-	-

*Above loans and advances have been given for general business purposes.

Notes
to the Financial Statements (Continued)

NOTE 56 : Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014*

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(a) Capital

	As at 31 March 2019	As at 31 March 2018
(i) CRAR (%) #	24.87	17.30
(ii) CRAR -Tier I Capital (%)	20.74	12.84
(iii) CRAR -Tier II Capital (%)	4.13	4.46
(iv) Subordinated debt as Tier-II capital (₹ in Lacs)	78,168.22	89,038.96
(v) Perpetual debt instruments (₹ in Lacs)	13,236.76	13,185.01

For the purpose calculation of CRAR , securitization (PTC) transactions have been considered as 'off balance sheet exposures', while the corresponding investments in pass through certificates have been considered as 'on balance sheet exposures' in determination of risk weighted assets. The corresponding credit enhancement facilities have been deducted from Tier I and Tier II capital accordingly.

(b) Investments

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018
Value of Investments		
(i) Gross Value of Investments #		
(a) In India	35,104.62	37,200.66
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments #		
(a) In India	35,104.62	37,200.66
(b) Outside India	-	-

Includes other financial assets of ₹ 4,862.46 lacs (31 March 2018 : ₹ 6,644.09 lacs).

(c) Derivative

1 Forward Rate Agreement / Interest rate Swap

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018
(i) The notional principal of swap agreements	-	-
(ii) Loss which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(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	-	-

The Company has recognised gain of ₹ 59.57 lacs (31 March 2018: loss of ₹ 59.57 lacs) relating to derivative financial instrument.

The Company does not have any exposure to exchange traded interest rate (IR) derivatives as at 31 March 2019 and 31 March 2018.

Notes
to the Financial Statements (Continued)

Note 56 : Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014* (Contd.)

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 gains or losses in derivative contracts are recognised in the statement of profit and loss in the period in which they arise.

Quantitative Disclosures

(₹ in Lacs)

	Particulars	Currency Derivative	Interest Rate Derivative
(i)	Derivatives (Notional Principal Amount) : For Hedging	-	-
(i)	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 2019	As at 31 March 2018
1	No. of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions **	39	40
2	Total amount of securitised assets as per books of the SPVs sponsored	348,788.85	251,002.20
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	26,840.12	25,758.61
	Others	19,304.57	12,532.60
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitisation		
	First loss	-	-
	Others	41,200.58	36,723.55
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	(i) Exposure to own securitisation		
	First loss	-	-
	Others	27,488.92	23,306.75
	(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.

^ Securitization (PTC) transaction do not meet the derecognition criteria under Ind AS and are recognized as 'on balance sheet exposures'. Accordingly income and discounting charges are included in revenue from operations and finance cost respectively. Amounts stated above are for the purpose of disclosure.

Notes
to the Financial Statements (Continued)

Note 56 : Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014* (Contd.)

(ii) 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 2019	As at 31 March 2018
1	Excess interest spread receivable	17,710.47	16,650.17
2	Unrealised gain on securitisation transactions	17,710.47	16,650.17

2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ in Lacs)

		As at 31 March 2019	As at 31 March 2018
(i)	No. of accounts	2	-
(ii)	Aggregate value (net of provisions of ₹ 12.93 lacs) of accounts sold to SC / RC	29.21	-
(iii)	Aggregate consideration	16.43	-
(iv)	Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / (loss) over net book value (NBV)	(12.78)	-

3 Details of the net book value of investments in security receipts:

		As at 31 March 2019	As at 31 March 2018
(i)	Backed by non-performing assets sold by the Company as underlying #	4,862.46	6,644.09
(ii)	Backed by non-performing assets sold by other banks / financial institutions / non-banking financial companies as underlying.	-	-
Total book value of investments in security receipts		**4,862.46**	**6,644.09**

Represents carrying amount of security receipts as per RBI guidelines.

4 Details of Assignment transactions undertaken by NBFCs

(₹ in Lacs)

		As at 31 March 2019	As at 31 March 2018
(i)	No. of accountss	13,958	7,821
(ii)	Aggregate value (net of provisions) of accounts sold	87,922.26	23,202.11
(iii)	Aggregate consideration	87,922.26	23,202.11
(iv)	Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

5 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 2019 and 31 March 2018.

b) Details of non-performing financial assets sold:

(₹ in Lacs)

		As at 31 March 2019	As at 31 March 2018
(i)	No. of accounts sold	17,811	-
(ii)	Aggregate outstanding (net of provisions)	909.05	-
(iii)	Aggregate consideration receivede	4,189.63	-

Note 56 : Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014* (Contd.)

(e) Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities

(₹ in Lacs)

	1day to 30/31days (1 month)	Over 1 Month 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 placed	52,933.52	424.75	3,721.90	6,842.62	15,863.27	6,704.58	-	-	86,490.64
Advances	82,073.73	47,284.04	53,474.65	135,716.63	239,496.07	667,889.26	129,428.81	29,312.78	1,384,675.97
Investments	-	-	-	-	-	-	-	30,242.16	30,242.16
Borrowings	68,780.86	62,964.83	117,828.51	55,600.77	453,564.38	298,187.35	91,115.34	28,860.46	1,176,902.50
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

(f) Exposures

1 Exposure to real estate sector

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018
CATEGORY		
(i) Direct exposure		
A. Residential mortgages	50,764.85	51,839.85
B. Commercial mortgages	12,946.67	16,072.84
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures #		
a. Residential	-	-
b. Commercial Real Estate	1,574.67	2,158.28
(ii) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

\# Includes security receipts.

2 Exposure to Capital Market

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018
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	-	-
Total Exposure to Capital Market	**-**	**-**

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 2019 and 31 March 2018.

Notes
to the Financial Statements (Continued)

Note 56 : Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014* (Contd.)

4 Unsecured advances

	As at 31 March 2019	As at 31 March 2018
Unsecured Advances	208,438.68	197,673.43

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 2019 and 31 March 2018.

(g) Registration obtained from other financial sector regulators.

Regulator	Registration no.	Date of registration / renewal
1 Ministry of Corporate Affairs	L51504WB1978PLC031813	18 December 1978
2 Insurance Regulatory and Development Authority	CA0154 (Composite)	9 March 2019

(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 2019 and 31 March 2018.

(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 assigned
1 Secured debentures	06-Jul-18	CARE AA-	CARE AA-
	29-Jun-18	IND AA-	IND AA-
	17-Apr-18	ICRA AA-	ICRA AA-
	21-Dec-18	BWR AA	-
	28-Dec-18	ACUITE AA	-
2 Subordinated debentures	06-Jul-18	CARE AA-	CARE AA-
	06-Jun-18	BWRAA	BWRAA
3 Perpetual debt instruments	06-Jul-18	CARE A+	CARE A+
	06-Jun-18	BWR AA-	BWR AA-
4 Securitisation	08-Aug-18	AAA (SO)	-
	27-Jun-18	AA (SO)	-
	21-Sep-18	AA (SO)	-
	24-Oct-18	AAA (SO)	-
	12-Nov-18	AAA (SO)	-
	26-Nov-18	AA (SO)	-
	10-Jan-19	AAA (SO)	-
	21-Dec-18	AA (SO)	-
	27-Dec-18	AAA (SO)	-
	01-Mar-19	AA (SO)	-
	26-Mar-19	A (SO)	-
	01-Mar-19	AA (SO)	-
	01-Mar-19	AA (SO)	-
5 Commercial papers	26-Feb-19	CARE A1+	CARE A1+
	21-Feb-19	CRISIL A1+	CRISIL A1+
6 Bank facility	06-Jul-18	CARE AA-	CARE AA-
	25-Jul-18	ICRA AA-	ICRA AA-
	29-Jun-18	IND AA-	IND AA-

Date of rating assigned relates to rating valid on 31 March 2019.

Notes
to the Financial Statements (Continued)

Note 56 : Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014* (Contd.)

(J) Remuneration of non-executive Directors

(₹ in Lacs)

			As at 31 March 2019	As at 31 March 2018
1	Mr. Narayan K Seshadri	Sitting Fees	20.10	17.30
		Commission	65.00	65.00
2	Mr. Nabankur Gupta	Sitting Fees	8.00	16.20
		Commission	22.50	45.00
3	Mr. Satya Brata Ganguly	Sitting Fees	14.40	24.50
		Commission	45.00	45.00
4	Mr. V K Viswanathan	Sitting Fees	21.00	19.20
		Commission	45.00	45.00
5	Ms. Madhumita Dutta-Sen	Sitting Fees	4.00	2.00
6	Mr. Sanjay Nayar	Sitting Fees	-	3.00
7	Mrs. Ritva Kaarina Laukkanen	Sitting Fees	-	2.00

(k) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss

(₹ in Lacs)

		As at 31 March 2019	As at 31 March 2018
Under "Impairment on financial instruments"			
1	Provision for standard assets (Stage 1 and Stage 2)	(8,980.18)	(899.02)
2	Provision for non-performing assets (Stage 3)	(4,348.98)	4,688.81
3	Other provisions	(361.95)	(39.98)
Under "Tax expenses"			
	Provision made towards income tax (includes deferred tax)	12,775.04	3,586.16
Under "Employee Benefit Expenses"			
	Provision for compensated absences	324.69	298.54

(l) Concentration of Deposits, Advances, Exposures and NPAs

(₹ in Lacs)

		As at 31 March 2019
1	**Concentration of Advances**	
	Total advances to twenty largest borrowers	23,552.58
	Percentage of advances to twenty largest borrowers to total advances	1.7%
2	**Concentration of Exposures**	
	Total exposure to twenty largest borrowers/ customers	23,552.58
	Percentage of exposures to twenty largest borrowers/ customers to total exposure on borrowers/ customers	1.7%
3	**Concentration of NPAs**	
	Total exposure to top four NPA accounts	1,523.37

Notes
to the Financial Statements (Continued)

Note 56 : Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014* (Contd.)

4 Sector-wise NPAs

	Sector	% of NPAs to Total Advances in the sector
(i)	Agriculture and allied activities	11.2%
(ii)	MSME	2.3%
(iii)	Corporate borrowers #	-
(iv)	Services	2.8%
(v)	Unsecured personal loans	-
(vi)	Auto loans	5.1%
(vii)	Other loans	12.8%

Corporate borrowers is included in the respective sector

(m) Movement of NPAs

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018
Net NPAs to Net Advances (%)	3.3%	4.6%
Movement of NPAs (Gross)		
a) Opening balance	118,409.44	161,523.94
b) Additions during the year	47,646.00	50,890.00
c) Reductions during the year	94,738.00	94,004.50
d) Closing balance	71,317.44	118,409.44
Movement of Net NPAs		
a) Opening balance	57,883.16	105,514.38
b) Additions during the year	29,487.00	14,190.00
c) Reductions during the year	42,347.00	61,821.22
d) Closing balance	45,023.16	57,883.16
Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	60,526.28	56,009.56
b) Additions during the year	18,159.00	36,700.00
c) Reductions during the year	52,391.00	32,183.28
d) Closing balance	26,294.28	60,526.28

The Company classifies non-performing assets (NPAs) at 3 months overdue and is compliant with the requirement for the financial year ending 31 March 2019 as per the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 1 September 2016. As company has adopted Ind-AS, provision on NPAs has been made as per expected credit loss method.

(n) Disclosure of complaints

(₹ in Lacs)

Customer complaints	Year ended 31 March 2019	Year ended 31 March 2018
No. of complaints pending at the beginning of the year	4	5
No. of complaints received during the year	299	272
No. of complaints redressed during the year	293	273
No. of complaints pending at the end of the year	10	4

Notes
to the Financial Statements (Continued)

Note 56 : Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014* (Contd.)

(o) Disclosures relating to fraud in terms of the notification issued by Reserve Bank of India

During the year ended 31 March 2019, 75 cases (31 March 2018: 37 cases) of frauds has been detected and reported. The un-recovered amounts aggregating to ₹ 663.55 lacs (31 March 2018: ₹ 141.92 lacs) have been fully provided for / written-off.

NOTE 57 : The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 Novembe 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

NOTE 58 : Previous year's figure including those in brackets have been regrouped/rearranged wherever necessary.

As per our report of even date attached.

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

Manoj Kumar Vijai
Partner
Membership No. 046882
Place : Mumbai
Date : 15 May 2019

For and on behalf of the Board of Directors

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Place : Mumbai
Date : 15 May 2019

Schedule annexed to the Balance Sheet

Disclosure of details as required in terms of Paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(₹ in Lacs)

Sl. No.	Particulars	Amount outstanding As at 31 March 2019	Amount overdue As at 31 March 2019
	LIABILITIES		
1	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid ***		
(a)	Debentures		
	- Secured	36,279.16	-
	- Unsecured	71,545.08	-
(b)	Deferred Credits	-	-
(c)	Term Loans	203,881.72	-
(d)	Inter-Corporate Loans and Borrowing	-	-
(e)	Commercial Paper	175,490.48	-
(f)	Public Deposits	-	-
(g)	Cash Credit / Working Capital Demand Loans from Banks	354,598.68	-

* Does not include loan from PTC investors which forms part of borrowings under Ind AS as the same does not meet the derecognition criteria under Ind AS.

(₹ in Lacs)

Sl. No.	Particulars	Amount outstanding As at 31 March 2019
	ASSETS	
2	**Break-up of Loans and Advances, including Bills Receivables (other than those included in (4) below)**	
(a)	Secured	-
(b)	Unsecured	19,869.22
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	6,125.82
(ii)	Stock on Hire including Hire Charges under Sundry Debtors	-
(iii)	Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	4,293.59
	(b) Loans other than (a) above	1,362,836.26

AFC classification has been discontinued by RBI with effect from 22 February 2019

* Securitization (PTC) transaction do not meet the de-recognition criteria under Ind AS and are recognized in books of accounts. Accordingly amounts stated above are inclusive of PTC transactions for the purpose of disclosure.

Schedule annexed to the Balance Sheet (Continued)

(₹ in Lacs)

Sl. No.	Particulars	Amount outstanding As at 31 March 2019
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)	

(₹ in Lacs)

Sl. No.	Particulars	Amount outstanding As at 31 March 2019
	LONG-TERM 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)	-

(₹ in Lacs)

Sl. No.	Particulars	Amount outstanding As at 31 March 2019
	LONG-TERM INVESTMENTS	
2	Unquoted	
	(i) Shares (a) Equity	30,242.00
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	
	- National Savings Certificate	0.16
	- Security Receipts	4,862.46

Schedule annexed to the Balance Sheet (Continued)

5 Borrower group-wise classification of assets financed as in (2) and (3) above *

(₹ in Lacs)

Sl. No.	Category	Secured	Unsecured	Amount outstanding As at 31 March 2019
1	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	973.40	973.40
	(c) Other related parties	-	162.88	162.88
2	Other than Related Parties	1,164,816.99	227,171.62	1,391,988.61
	Total	**1,164,816.99**	**228,307.90**	**1,393,124.89**

* Securitization (PTC) transaction do not meet the de-recognition criteria under Ind AS and are recognized in books of accounts. Accordingly amounts stated above are inclusive of PTC transactions for the purpose of disclosure.

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 2019	Book Value (Net of Provisions) as at 31 March 2019
1	Related Parties		
	(a) Subsidiaries	34,086.00	21,970.94
	(b) Companies in the same group	15,059.80	8,270.07
	(c) Other related parties	-	-
2	Other than Related Parties	4,880.90	4,863.61
	Total	**54,026.70**	**35,104.62**

7 Other information

(₹ in Lacs)

Sl. No.	Particulars	Total as at 31 March 2019
(i)	**Gross Non-Performing Assets**	
	(a) Related parties	-
	(b) Other than Related parties	71,317.44
(ii)	**Net Non-Performing Assets**	
	(a) Related parties	-
	(b) Other than Related parties	45,023.16
(iii)	**Assets acquired in satisfaction of debt**	-

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Place : Mumbai
Date : 15 May 2019

Independent Auditors' Report

To the Members of Magma Fincorp Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Magma Fincorp Limited (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred to as 'the Group') and its joint ventures which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiary and joint ventures as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its joint ventures as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 53 of the consolidated financial statements regarding the Scheme of Amalgamation ('the Scheme') between Magma ITL Finance Limited ('Subsidiary') and the Holding Company sanctioned by the National Company Law Tribunal ('NCLT'), Kolkata Bench vide its order dated 8 May 2018. The Holding Company has accounted for the Scheme with effect from 1 April 2017, under the pooling of interest method as prescribed by Ind AS 103 'Business Combination'. Accordingly, the appointed date considered for accounting the scheme under Indian Accounting Standards ('Ind AS') is different from that prescribed by the NCLT, which had sanctioned the Scheme with binding effect from 1 October 2017. Had the Holding Company accounted for the aforesaid Scheme with effect from 1 October 2017, the total comprehensive income (net of tax) for the previous financial year ended 31 March 2018 attributable to Shareholders, would have been lower by INR 1,325.08 lakhs. This represents total comprehensive income of the Subsidiary attributable to Non- controlling interest. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditors on separate financial statements of Subsidiary audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report(Continued)

Transition date accounting policies

Refer to Note 55 to the consolidated financial statements: 'First time adoption of Ind AS'

Key audit matter	How the matter was addressed in our audit
Adoption of new accounting framework (Ind AS) Effective 1 April 2018, the Group adopted the Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. The following are the major impact areas for the Group upon transition: - Measurement of loan losses (expected credit losses) - Classification and measurement of financial assets and financial liabilities - Accounting for securitization and assignment transactions - Accounting for loan fees and costs - Common control transactions The migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date. We have identified transition date accounting as a key audit matter for the Group based on our assessment of the significant degree of judgment and application exercised by the Holding Company's Management in preparation of the consolidated financial statements.	In view of the significance of the matter, the following audit procedures were applied in this area, among others to obtain sufficient appropriate audit evidence: **Design / controls** • Confirmation of the approvals of Audit Committee for the choices and exemptions made by the Group for compliance with IND AS 101. **Substantive tests** • Evaluation of management's transition date choices and exemptions for compliance withInd AS 101. • Understood the methodology implemented by management to give impact on the transition. • Assessed the accuracy of the computations • Assessed areas of significant estimates and management judgment in line with principles under Ind AS.

Impairment of loans and other financial assets

Charge to the Statement of Profit and Loss: INR 26,539.87 Lakhs [Refer Note 35 to the consolidated financial statements]

Provision as at 31 March 2019: INR 57,267.15 Lakhs [Refer Note 6 and Note 8 to the consolidated financial statements]

The key audit matter	How the matter was addressed in our audit
Subjective estimate Recognition and measurement of impairment on loans and advances involve significant management judgement. With the applicability of Ind AS 109, credit loss assessment is now based on expected credit loss (ECL) model. The Group's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: • Segmentation of loan book; • Loan staging criteria; • Calculation of probability of default / Loss given default; • Consideration of probability weighted scenarios and forward looking macro-economic factors. • Compliance of disclosures with the applicable accounting standards	In view of the significance of the matter, the following audit procedures were applied in this area, among others to obtain sufficient appropriate audit evidence: **Design / controls** • Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109 • Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • Use of modelling specialist to test the model methodology and reasonableness of assumptions used. • Tested management review controls over measurement of impairment allowances and disclosures in financial statements. **Substantives tests** • We focused on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Re-performance of model calculations where possible. • Independent re-consideration of the appropriateness of management's judgments in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and loss emergence periods.

Independent Auditors' Report(Continued)

IT Systems and Controls

The key audit matter	**How the matter was addressed in our audit**
The Group's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Due to the large transaction volumes and the increasing challenge to protect the integrity of the Group's systems and data, cyber security has become more significant. User access management, program change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems have been focused upon	In view of the significance of the matter, the following audit procedures were applied in this area, among others to obtain sufficient appropriate audit evidence: **General IT controls / user access management** • Tested key controls operating over the information technology in relation to financial accounting and reporting systems, including system access, program change management and computer operations. • Tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, user role modification, periodic user access review, revocation of user rights and preventative controls designed to enforce segregation of duties. • Performed independent procedures for a selected group of key controls over financial and reporting system, to determine that these control remained unchanged during the year or were changed following the standard change management process. • Evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation • Other areas that were independently assessed included password policies, security configurations, controls over changes to applications and databases and controls over segregation of duties between development and production environment.

Valuation of financial instruments

Refer Note 49 to the consolidated financial statements: 'Financial Instruments-Fair value and risk management'

The key audit matter	**How the matter was addressed in our audit**
Subjective Estimate The fair value of financial instruments is determined through application of valuation techniques and the use of assumptions and estimates. We have identified this as a key audit matter for the Holding Company due to the significance of financial instruments and the related estimated uncertainty. Key financial instruments being fair valued include: • Loans accounted for as Fair value through Other Comprehensive Income ('FVOCI') – INR 298,386.38 Lakhs The effect of fair value adjustments impact the profits and the other comprehensive income. Where such observable data is not readily available, as in the case of level 3 financial instruments, then estimates need to be developed which can involve significant management judgement. The Holding Company has developed its own models to value certain level 3 financial instruments, which also involve significant management judgement. We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and the degree of judgement exercised by Holding Company's management in determining the inputs used in the valuation models.	Our key audit procedures included: • Assessing the design, implementation and operating effectiveness of management's key internal controls over the valuation process and inputs. • Engaging our internal valuation specialists to assist us in evaluating the valuation models used by the Company to value Level 3 Financial Instruments and to perform, on a sample basis, independent valuations of the financial instruments and compare these valuations with the Company's valuations. • Assessed the appropriateness of the valuation methodology and challenging the valuation model by testing the key inputs used such as discount factors. Compared the valuation methodology with the criteria in the Indian accounting standards. • Assessing whether the disclosures in consolidated financial statements appropriately reflected the exposure to financial instrument valuation risk with reference to the requirements of the Indian accounting standards.

Independent Auditors' Report(Continued)

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures is responsible for overseeing the financial reporting process of each company.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Independent Auditors' Report(Continued)

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its joint ventures to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the Other Matters Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(a) We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of INR 196,279.02 Lakhs as at 31 March 2019, total revenues of INR 24,676.71 Lakhs and net cash outflows amounting to INR 532.60 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of INR 66.42 Lakhs for the year ended 31 March 2019 in respect of two joint ventures, whose financial statements have not been audited by us. 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 subsidiary and joint ventures and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint ventures is based solely on the audit reports of the other auditors.

(b) The Comparative financial information for the year ended 31 March 2018 in respect of the aforesaid Subsidiary and joint ventures, prepared in accordance with accounting principles generally accepted in India, including Ind AS, specified under section 133 of the Act and included in the consolidated financial statements have been audited by other auditors, whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements insofar as it relates to the comparative amounts and disclosures included in respect of these Subsidiary and Joint Ventures, is based solely on the audit reports of 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.

Independent Auditors' Report(Continued)

Report on Other Legal and Regulatory Requirements

1. A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiary and joint ventures as were audited by other auditors, as noted in the 'Other Matters' paragraph, 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 the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows 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 Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 march 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and joint ventures incorporated in India, none of the directors of the Group companies and its joint ventures incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company and its joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.

   B. With respect to the other matters to be included in the Auditors' 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 and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiary and its joint ventures, as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group and its joint ventures. Refer Note 45 to the consolidated financial statements.

   ii. The Group and its joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019

   iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2019.

   iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019

   C. With respect to the matter to be included in the Auditors' report under section 197(16):

   In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary company and joint venture incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary company and joint venture to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary company and joint venture is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Manoj Kumar Vijai
Partner
Membership Number: 046882

Place: Mumbai
Date: 15 May 2019

Annexure A to the Independent Auditors' Report

on the consolidated financial statements

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Magma Fincorp Limited (hereinafter referred to as 'the Holding Company') and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary company and its joint venture companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary company and its joint venture companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as 'the Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary company and its joint venture companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted

Annexure A to the Independent Auditors' Report
on the consolidated financial statements (Continued)

accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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

Other Matters
Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary company and two joint venture companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

Manoj Kumar Vijai
Partner
Membership Number: 046882

Place: Mumbai
Date: 15 May 2019

MAGMA
Investing in the smallest dream

Consolidated Balance Sheet
as at 31st March, 2019

(₹ in Lacs)

	Note	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
ASSETS				
1 Financial assets				
Cash and cash equivalents	3	57,098.21	10,160.01	13,468.99
Bank balances other than cash and cash equivalents	4	38,586.29	30,509.64	28,397.74
Receivables	5			
(i) Trade receivables		868.18	215.74	480.04
(ii) Other receivables		228.80	156.15	206.45
Loans	6	1,500,663.29	1,357,042.44	1,364,709.32
Investments	7	14,114.65	14,026.19	13,388.67
Other financial assets	8	18,611.57	19,957.15	21,920.05
Total financial assets		**1,630,170.99**	**1,432,067.32**	**1,442,571.26**
2 Non-financial assets				
Current tax assets (net)	9	10,755.86	9,748.24	9,003.82
Deferred tax assets (net)	10	13,758.37	23,827.30	19,042.81
Property, plant and equipment	11	15,867.62	16,388.13	18,362.52
Capital work-in-progress	12	290.24	11.58	120.96
Intangible assets under development	13	94.64	96.27	427.94
Goodwill	15	1,430.34	1,430.34	1,430.34
Other intangible assets	14	2,616.27	2,840.29	2,879.04
Other non-financial assets	16	3,943.64	3,024.69	3,043.83
Total non-financial assets		**48,756.98**	**57,366.84**	**54,311.26**
Total assets		**1,678,927.97**	**1,489,434.16**	**1,496,882.52**
LIABILITIES AND EQUITY				
LIABILITIES				
1 Financial liabilities				
Derivative financial instruments	17	-	59.57	-
Trade payables	18			
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		36,966.00	32,238.06	21,917.05
Debt securities	19	49,250.44	34,688.13	64,239.17
Borrowings (other than debt securities)	20	1,162,730.49	1,075,753.25	1,073,904.60
Subordinated liabilities	21	101,330.04	102,223.97	110,518.76
Other financial liabilities	22	44,664.46	36,663.65	39,908.83
Total financial liabilities		**1,394,941.43**	**1,281,626.63**	**1,310,488.41**
2 Non-financial liabilities				
Current tax liabilities (net)	23	1,192.27	1,632.03	765.60
Provisions	24	1,274.84	1,252.09	1,360.00
Other non-financial liabilities	25	7,130.64	7,721.73	8,914.65
Total non-financial liabilities		**9,597.75**	**10,605.85**	**11,040.25**
EQUITY				
Equity share capital	26	5,386.48	4,740.57	4,739.19
Other equity	27	269,002.31	192,461.11	170,614.67
Total equity		**274,388.79**	**197,201.68**	**175,353.86**
Total liabilities and equity		**1,678,927.97**	**1,489,434.16**	**1,496,882.52**
Significant accounting policies	2			
Notes to the financial statements	3-57			

The accompanying notes are 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
ICAI Firm Registration No.: 101248W/ W-100022

Narayan K Seshadri
Chairman
(DIN : 00053563)

Sanjay Chamria
Vice Chairman & Managing Director
(DIN : 00009894)

Manoj Kumar Vijai
Partner
Membership No.: 046882

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Place : Mumbai
Date : 15 May 2019

Place : Mumbai
Date : 15 May 2019

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2019

(₹ in Lacs)

		Note	For the year ended 31 March 2019	For the year ended 31 March 2018
	Revenue from operations			
	Interest income	28	224,975.68	212,606.70
	Rental income	29	2,768.78	2,777.07
	Fees and commission income	30	9,274.06	8,134.40
	Net gain on fair value changes	31	448.59	1,539.68
	Net gain on derecognition of financial instruments	32	7,986.38	3,978.66
(I)	**Total**		**245,453.49**	**229,036.51**
(II)	Other income	33	5,885.57	3,750.42
(III)	**Total income (I+II)**		**251,339.06**	**232,786.93**
	Expenses			
	Finance costs	34	112,223.40	111,748.76
	Impairment on financial instruments	35	26,539.87	31,594.60
	Employee benefits expenses	36	43,663.79	36,803.34
	Depreciation, amortisation and impairment	37	5,046.39	4,922.45
	Others expenses	38	19,695.94	18,819.92
(IV)	**Total expenses**		**207,169.39**	**203,889.07**
(V)	**Profit before share of profit/(loss) of joint ventures and tax (III-IV)**		**44,169.67**	**28,897.86**
(VI)	**Share of profit of equity-accounted investee, net of tax**		66.42	186.82
(VII)	**Profit / (loss) before tax (V+VI)**		**44,236.09**	**29,084.68**
(VIII)	**Tax expense:**			
	Current tax - current year	10	2,992.00	10,703.00
	- earlier year		376.42	(219.20)
	Deferred tax	10	10,467.04	(5,087.89)
			13,835.46	**5,395.91**
(IX)	**Profit / (loss) for the year (VII-VIII)**		**30,400.63**	**23,688.77**
(X)	**Other comprehensive income/(loss)**			
A	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of the defined benefit plans		(208.43)	(67.27)
	- Share of profit of equity-accounted investee, net of tax		(1.35)	30.48
	(ii) Income tax relating to items that will not be reclassified to profit or loss		73.12	10.60
	Subtotal (A)		**(136.66)**	**(26.19)**
B	(i) Items that will be reclassified to profit or loss			
	- Debt instruments through other comprehensive income		(1,022.87)	901.85
	- Share of profit of equity-accounted investee, net of tax		337.80	(291.32)
	(ii) Income tax relating to items that will be reclassified to profit or loss		325.03	(314.03)
	Subtotal (B)		**(360.04)**	**296.50**
	Other comprehensive income/(loss) (A + B)		**(496.70)**	**270.31**
(XI)	**Total comprehensive income for the year, net of tax**		**29,903.93**	**23,959.08**
(XII)	**Earnings per equity share**			
	Basic (₹)	42	11.33	10.00
	Diluted (₹)	42	11.31	9.97
	Significant accounting policies	2		
	Notes to the financial statements	3-57		
	The accompanying notes are 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
ICAI Firm Registration No.: 101248W/ W-100022

Narayan K Seshadri
Chairman
(DIN : 00053563)

Sanjay Chamria
Vice Chairman & Managing Director
(DIN : 00009894)

Manoj Kumar Vijai
Partner
Membership No.: 046882

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

Place : Mumbai
Date : 15 May 2019

Place : Mumbai
Date : 15 May 2019

MAGMA
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Consolidated Statement of Changes in Equity
for the year ended 31 March 2019

a. Equity share capital

(₹ in Lacs)

Balance as at 1 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
4,739.19	1.38	4,740.57	645.91	5,386.48

b. Other equity

(₹ in Lacs)

Particulars	Reserve and Surplus							Items of other comprehensive income	Total
	Statutory Reserves (created pursuant to Section 45-IC of the Reserve Bank of India Act,1934)	Statutory Reserves (created pursuant to Section 29C of the National Housing Bank Act,1987)	Capital Reserve	Securities Premium Reserve	Capital Redemption reserve	Share option Outstanding	Retained Earnings	Debt instruments through Other Comprehensive Income	
Balance as at 1 April 2017	**24,340.00**	**2,263.07**	**480.22**	**132,173.31**	**1,421.84**	**258.34**	**8,707.23**	**970.66**	**170,614.67**
Profit for the year	-	-	-	-	-	-	23,688.77	-	23,688.77
Other comprehensive income/(loss) for the year	-	-	-	-	-	-	(26.19)	296.50	270.31
Transfer to/from retained earnings	4,110.00	479.95	-	-	-	-	(4,589.95)	-	-
Dividend declared (including dividend distribution tax)	-	-	-	-	-	-	(2,281.72)	-	(2,281.72)
Equity settled share based payment	-	-	-	67.01	-	102.07	-	-	169.08
Balance as at 31 March 2018	**28,450.00**	**2,743.02**	**480.22**	**132,240.32**	**1,421.84**	**360.41**	**25,498.14**	**1,267.16**	**192,461.11**
Profit for the year	-	-	-	-	-	-	30,400.63	-	30,400.63
Other comprehensive income/(loss) for the year	-	-	-	-	-	-	(136.66)	(360.04)	(496.70)
Transfer to/from retained earnings	5,510.00	690.00	-	-	-	-	(6,200.00)	-	-
Net Proceeds from issue of shares	-	-	-	48,361.84	-	-	-	-	48,361.84
Dividend declared (including dividend distribution tax)	-	-	-	-	-	-	(2,597.11)	-	(2,597.11)
Equity settled share based payment	-	-	-	46.58	-	825.96	-	-	872.54
Balance as at 31 March 2019	**33,960.00**	**3,433.02**	**480.22**	**180,648.74**	**1,421.84**	**1,186.37**	**46,965.00**	**907.12**	**269,002.31**
Significant accounting policies		2							
Notes to the financial statements		3-57							

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

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

Manoj Kumar Vijai
Partner
Membership No.: 046882

Place : Mumbai
Date : 15 May 2019

For and on behalf of the Board of Directors

Narayan K Seshadri
Chairman
(DIN : 00053563)

Kailash Baheti
Chief Financial Officer

Sanjay Chamria
Vice Chairman & Managing Director
(DIN : 00009894)

Shabnum Zaman
Company Secretary

Place : Mumbai
Date : 15 May 2019

Notes
to the Consolidated Financial Statements

Note 1: Company Overview

Background

Magma Fincorp Limited ('the Company'), incorporated in Kolkata and headquartered in Mumbai, 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. The Company is also registered as a corporate agent under Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange.

Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements:

a) Basis of consolidation and equity accounting

Consolidated financial statements include result of Magma Fincorp Limited, the parent company, its subsidiaries and joint ventures (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 Housing Finance Limited (MHFL)	India	Subsidiary
Jaguar Advisory Services Private Limited (JASPL)	India	Joint venture
Magma HDI General Insurance Company Limited (MHDI)	India	Joint venture

I) Subsidiary

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies have been applied uniformly among the group for like transactions and other events in similar circumstances.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March

The excess of cost to the parent company of its investment in the subsidiaries over the parent's portion of equity of the subsidiaries or vice versa is recognised in the consolidated financial statements as goodwill or capital reserve as the case may be.

Non-controlling interests (if any), in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

II) Joint arrangement

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The group has only joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated financial statements.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

Notes
to the Consolidated Financial Statements (Continued)

Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

b) Basis of preparation

The consolidated financial statements for the year ended March 31, 2019 have been prepared by the Group in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended from time to time, in this regard.

For periods up to and including the year ended March 31, 2018, the Group prepared and presented the consolidated financial statement 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, the regulations prescribed under Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015 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.

The consolidated financial statements for the year ended March 31, 2019 are the first consolidated financial statements of the Group prepared under Ind AS. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Group is provided in note 55.

The group consistently applies the following accounting policies to all periods presented in these consolidated financial statements, unless otherwise stated.

c) Functional and Presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is the group's functional and presentation currency. All amounts have been denominated in lakhs and rounded off to the nearest two decimal, except when otherwise indicated.

d) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following material items:

- Financial assets at Fair value through other comprehensive income (FVTOCI) that is measured at fair value
- Financial instruments at Fair value through profit and loss (FVTPL) that is measured at fair value
- Net defined benefit (asset)/ liability - fair value of plan assets less present value of defined benefit obligation

e) Significant areas of estimation uncertainty, critical judgements and assumptions in applying accounting policies

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities and assets) as on the date of the consolidated financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Key sources of estimation of uncertainty at the date of consolidated financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

- Note 50 - Impairment of financial instruments: determining inputs into the Expected Credit Loss (ECL) model, including incorporation of forward looking information and assumptions used in estimating recoverable cash flows
- Note 49 - determination of the fair value of financial instruments with significant unobservable inputs
- Note 40 - measurement of defined benefit obligations: key actuarial assumptions
- Note 10 - recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.

Notes
to the Consolidated Financial Statements (Continued)

Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

f) Revenue recognition

Interest income from financial assets (assets on finance) is recognised on accrual basis using Effective Interest Rate ('EIR') method. The EIR is the rate that discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset adjusted for upfront expenses and incomes attributable to the acquisition of the financial asset. The interest income is recognised on EIR method on a time proportion basis applied on the carrying amount for financial assets including credit impaired financial assets.

Income from direct assignment transactions represents the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI.

Overdue interest and other charges are treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

Recovery from bad debts written off is recognised as income on actual realisation from customers.

For revenue recognition from leasing transactions of the Group, refer Note 41 on Leases below.

Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

Income from collection and support services is recognised over time as the services are rendered as per the terms of the contract.

Fair value changes from security receipts is recognised in the revenue from operations.

Income from power generation is recognised based on the unit's generated (point in time) as per the terms of the respective power purchase arrangements with respective State Electricity Boards.

Dividend is recognised when the right to receive the dividend is established.

All other items of income are accounted for on accrual basis.

g) Financial instruments

I) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

II) Assessment of Business model

An assessment of the applicable business model for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on the Management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group could have more than one business model for managing its financial instruments which reflect how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group considers all relevant information available when making the business model assessment.

III) Classifications

Financial assets

A financial asset is classified as subsequently measured at either amortised cost or fair value through other comprehensive income ('FVTOCI') or fair value through profit and loss (FVTPL), depending on the contractual cash flow characteristics of the financial assets and the Group's business model for managing the financial assets.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

Financial instruments at Amortised Cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Other Comprehensive Income ('FVTOCI')
A financial asset is measured at FVTOCI only if both of the following conditions are met:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Profit and Loss (FVTPL)
Any financial instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVTPL.

Equity Investments
All equity investments other than equity investments in subsidiaries, associates and joint ventures are measured at FVTPL. These include all equity investments in scope of Ind AS 109.

Financial liabilities and equity instruments
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or fair value through profit or loss, as appropriate.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group is recognised at the proceeds received, net of directly attributable transaction costs.

IV) Subsequent measurement

Amortised cost
Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR method of discount or premium on acquisition and fees or costs that are an integral part of the EIR and, for financial assets, adjusted for any loss allowance.

Fair Valuation
Fair value is the price that is expected to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date or, in its absence, the most advantageous market to which the Group has access at that date.

In the absence of quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

V) De-recognition of financial assets and financial liabilities

Derecognition of financial assets and financial liabilities
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. The Group continues to recognise the assets on finance on books which has been securitized under pass through arrangement and does not meet the de-recognition criteria.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the

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Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

carrying amount allocated to the portion of the asset de-recognised) and the sum of the consideration received (including the value of any new asset obtained less any new liability assumed).

Financial liabilities

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

VI) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

VII) Impairment of Financial Assets

The Group recognises impairment allowances for Expected Credit Loss (ECL) on all the financial assets that are not measured at FVTPL:

ECL are probability weighted estimate of future credit losses based on the staging of the financial asset to reflect its credit risk. They are measured as follows:

- Financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- Financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- Financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows
- Undrawn loan commitments – as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.

The above impairment allowance method meets the Master Direction – Non-Banking Financial Company – Systemically important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 1st September 2016.

Financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised as income in profit or loss.

h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

I) The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

II) The Group as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

i) Employee Benefits

I) Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

II) Post-employment benefits

Defined contribution plans

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.

Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

Defined benefit plans

Gratuity

The Group's gratuity benefit scheme is a defined benefit plan. The Group'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. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements and the change in defined benefit plan asset is split between interest income and re-measurements. Changes due to service cost and net interest cost / income is recognised in the statement of profit and loss. Re-measurements of net defined benefit liability / (asset) which comprise of the below are recognised in other comprehensive income:

- Actuarial gains and losses:
- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

III) Other long term employee benefits

Compensated absences

The employees of the Group 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. The expenses and actuarial gain / loss on account of the above benefit plans are recognised in the Statement of Profit and Loss on the basis of actuarial valuation.

IV) Share-based payment arrangements - Employee Stock Options

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

j) Income Taxes

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 temporary differences between tax base and book base). It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

I) Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. 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.

Current tax assets and liabilities are offset only if, the Group:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

II) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it

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Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Group:

- has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

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 Group 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.

k) Property, plant and equipment and Investment property

Recognition and measurement

Property, plant and equipment held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. All assets given on operating lease are shown at the cost of acquisition less accumulated depreciation.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment Property consists of building let out to earn rentals. The Group follows cost model for measurement of investment property.

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 prorata basis from the date of installation till the date the assets are sold or disposed.

Freehold land is not depreciated. 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.

For the following class of assets, based on internal assessment, the management believes that the useful lives 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:

Desktop	6 years
Laptops / Hand Held Device	4 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

De-recognition

An item of property, plant and equipment or investment property is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment or investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Transition to Ind AS

The Group has elected to continue with the carrying value of all of its property, plant and equipment and investment property recognised as of 1 April, 2017 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

l) Intangible assets

Recognition and measurement

Intangible assets with finite useful lives that are acquired separately are capitalised and carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is de-recognised.

Transition to Ind AS

The Group has elected to continue with the carrying value of all of its intangible asset recognised as of 1 April, 2017 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

m) Impairment of non-financial assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group 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.

n) Foreign Currency Transactions

Transactions in foreign currency are translated into the functional currency of the Group at the exchange rates prevailing on the date of the transaction. The foreign currency borrowing being a monetary liability is restated to INR (being the functional currency of the Group) at the prevailing rates of exchange at the end of every reporting period with the corresponding exchange gain/ loss being recognised in profit or loss.

o) Provisions and contingencies related to claims, litigation, etc.

A provision is recognised if, as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

I) Onerous contracts

A contract is considered as onerous when the expected economic benefits to be derived by the Group 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 Group recognises any impairment loss on the assets associated with that contract.

II) Contingencies related to claims, litigation, etc.

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.

p) 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 disclosed in the consolidated financial statements where an inflow of economic benefits is probable.

q) Cash and cash equivalent

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily

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Note 2: Significant Accounting Policies and Key Accounting Estimates and Judgements: (Contd.)

convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

r) 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 future, 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 Group are segregated.

s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. Refer note 56 for details on segment information presented.

t) Standards issued but not yet effective

Ind AS 116 Leases

Ind AS 116 Leases was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Company is currently assessing the impact of adopting Ind AS 116 on the Company's financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1 April, 2019. The Company will adopt the standard on 1 April, 2019.

The Company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 12 – Income taxes: On 30 March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequence of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after 1 April, 2019. The Company is evaluating the impact on account of this amendment.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement- On 30 March, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Company is evaluating the impact on account of this amendment.

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to the Consolidated Financial Statements (Continued)

Note 3 : Cash and cash equivalents

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash on hand	4,620.46	4,026.16	5,433.66
Balances with banks			
In current accounts	2,477.75	4,436.16	6,411.06
In deposits with original maturity of 3 months or less	50,000.00	1,697.69	1,624.27
Total	**57,098.21**	**10,160.01**	**13,468.99**

Note 4 : Bank balances other than cash and cash equivalents

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Unpaid dividend account (Earmarked)	37.46	34.56	32.28
Bank balance other than cash and cash equivalents			
In deposits with original maturity of 3 months or less	3,451.30	232.65	522.00
In deposits with original maturity of more than 3 months	35,097.53	30,242.43	27,843.46
Total	**38,586.29**	**30,509.64**	**28,397.74**

Balances with banks held as security against borrowings, guarantees amounts to ₹ 2,287.00 lacs (31 March 2018: ₹ 2619.49 lacs and 1 April 2017: ₹ 2,534.00 lacs) and as cash collateral for securitisation of receivables amounts to ₹ 34,109.13 lacs (31 March 2018: ₹ 27,771.61 lacs and 1 April 2017: ₹ 25,390.57 lacs).

NOTE 5 : Receivables

(₹ in Lacs)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i)	**Trade receivables**			
	Receivables considered good - Unsecured	868.18	215.74	480.04
	Less: Impairment loss allowance	-	-	-
	Sub-total - (i)	**868.18**	**215.74**	**480.04**
(ii)	**Other receivables**			
	Receivables considered good - Unsecured	228.80	156.15	206.45
	Less: Impairment loss allowance	-	-	-
	Sub-total - (ii)	**228.80**	**156.15**	**206.45**
	Total - (i + ii)	**1,096.98**	**371.89**	**686.49**

Note 6 : Loans

(₹ in Lacs)

			Amortised Cost	At Fair Value through other comprehensive income	Total
As at 31 March 2019					
(A)	(i)	Term loans	1,223,639.66	313,876.77	1,537,516.43
	(ii)	Leasing	18,782.10	-	18,782.10
	(iii)	Others			
		- Staff loans	56.84	-	56.84
		Total (A) - Gross	**1,242,478.60**	**313,876.77**	**1,556,355.37**
		Less: Impairment loss allowance	40,201.69	15,490.39	55,692.08
		Total (A) - Net	**1,202,276.91**	**298,386.38**	**1,500,663.29**
(B)	(i)	Secured by tangible assets *	1,242,421.76	105,438.09	1,347,859.85
	(ii)	Unsecured	56.84	208,438.68	208,495.52
		Total (B) - Gross	**1,242,478.60**	**313,876.77**	**1,556,355.37**
		Less: Impairment loss allowance	40,201.69	15,490.39	55,692.08
		Total (B) - Net	**1,202,276.91**	**298,386.38**	**1,500,663.29**

Notes
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Note 6 : Loans (Contd.)

(₹ in Lacs)

			Amortised Cost	At Fair Value through other comprehensive income	Total
(C)	**Loans in India**				
	(i)	Public sector	-	-	-
	(ii)	Others	1,242,478.60	313,876.77	1,556,355.37
		Total (C) - Gross	**1,242,478.60**	**313,876.77**	**1,556,355.37**
		Less: Impairment loss allowance	40,201.69	15,490.39	55,692.08
		Total (C) - Net	**1,202,276.91**	**298,386.38**	**1,500,663.29**

* Secured by underlying assets financed

Effective 1 July 2018, SME loan portfolio has been reclassified from amortised cost category to FVOCI. Primary reason for reclassification is change in business model, which is based on Management's intent and volume of direct assignment transactions done during the year. Consequently, gain/loss on fair valuation has been recognised in other comprehensive income.

(₹ in Lacs)

			Amortised Cost	At Fair Value through other comprehensive income	Total
As at 31 March 2018					
(A)	(i)	Term loans	1,300,492.68	137,893.12	1,438,385.80
	(ii)	Leasing	19,774.20	-	19,774.20
	(iii)	Others			
		- Staff loans	143.92	-	143.92
		Total (A) - Gross	**1,320,410.80**	**137,893.12**	**1,458,303.92**
		Less: Impairment loss allowance	95,319.56	5,941.92	101,261.48
		Total (A) - Net	**1,225,091.24**	**131,951.20**	**1,357,042.44**
(B)	(i)	Secured by tangible assets *	1,122,593.45	137,893.12	1,260,486.57
	(ii)	Unsecured	197,817.35	-	197,817.35
		Total (B) - Gross	**1,320,410.80**	**137,893.12**	**1,458,303.92**
		Less: Impairment loss allowance	95,319.56	5,941.92	101,261.48
		Total (B) - Net	**1,225,091.24**	**131,951.20**	**1,357,042.44**
(C)	**Loans in India**				
	(i)	Public sector	-	-	-
	(ii)	Others	1,320,410.80	137,893.12	1,458,303.92
		Total (C) - Gross	**1,320,410.80**	**137,893.12**	**1,458,303.92**
		Less: Impairment loss allowance	95,319.56	5,941.92	101,261.48
		Total (C) - Net	**1,225,091.24**	**131,951.20**	**1,357,042.44**

* Secured by underlying assets financed

(₹ in Lacs)

			Amortised Cost	At Fair Value through other comprehensive income	Total
As at 1 April 2017					
(A)	(i)	Term loans	1,281,134.16	150,713.66	1,431,847.82
	(ii)	Leasing	28,492.53	-	28,492.53
	(iii)	Others			
		- Staff loans	366.51	-	366.51
		Total (A) - Gross	**1,309,993.20**	**150,713.66**	**1,460,706.86**
		Less: Impairment loss allowance	90,476.06	5,521.48	95,997.54

Notes
to the Consolidated Financial Statements (Continued)

Note 6 : Loans (Contd.)

(₹ in Lacs)

			Amortised Cost	At Fair Value through other comprehensive income	Total
		Total (A) - Net	**1,219,517.14**	**145,192.18**	**1,364,709.32**
(B)	(i)	Secured by tangible assets *	1,115,969.23	150,713.66	1,266,682.89
	(ii)	Unsecured	194,023.97	-	194,023.97
		Total (B) - Gross	**1,309,993.20**	**150,713.66**	**1,460,706.86**
		Less: Impairment loss allowance	90,476.06	5,521.48	95,997.54
		Total (B) - Net	**1,219,517.14**	**145,192.18**	**1,364,709.32**
(C)	**Loans in India**				
	(i)	Public sector	-	-	-
	(ii)	Others	1,309,993.20	150,713.66	1,460,706.86
		Total (C) - Gross	**1,309,993.20**	**150,713.66**	**1,460,706.86**
		Less: Impairment loss allowance	90,476.06	5,521.48	95,997.54
		Total (C) - Net	**1,219,517.14**	**145,192.18**	**1,364,709.32**

* Secured by underlying assets financed

Note 7 : Investments

(₹ in Lacs)

		Amortised Cost	At Fair Value through profit or loss	Others *	Total
As at 31 March 2019					
(A)	Mutual funds	-	-	-	-
	Government securities	0.16	-	-	0.16
	Equity instruments	-	0.99	-	0.99
	Joint ventures	-	-	14,113.50	14,113.50
	Total – Gross (A)	**0.16**	**0.99**	**14,113.50**	**14,114.65**
(B)	Investments in India	0.16	0.99	14,113.50	14,114.65
	Total – Gross (B)	**0.16**	**0.99**	**14,113.50**	**14,114.65**
	Less: Allowance for impairment loss (C)	-	-	-	-
	Total – Net D= (A)-(C)	**0.16**	**0.99**	**14,113.50**	**14,114.65**
As at 31 March 2018					
(A)	Mutual funds	-	-	-	-
	Government securities	0.16	-	-	0.16
	Equity instruments	-	2,283.27	-	2,283.27
	Joint ventures	-	-	11,742.76	11,742.76
	Total – Gross (A)	**0.16**	**2,283.27**	**11,742.76**	**14,026.19**
(B)	Investments in India	0.16	2,283.27	11,742.76	14,026.19
	Total – Gross (B)	**0.16**	**2,283.27**	**11,742.76**	**14,026.19**
	Less: Allowance for impairment loss (C)	-	-	-	-
	Total – Net D= (A)-(C)	**0.16**	**2,283.27**	**11,742.76**	**14,026.19**
As at 1 April 2017					
(A)	Mutual funds	-	10.79	-	10.79
	Government securities	0.16	-	-	0.16
	Equity instruments	-	1,560.94	-	1,560.94
	Joint ventures	-	-	11,816.78	11,816.78
	Total – Gross (A)	**0.16**	**1,571.73**	**11,816.78**	**13,388.67**
(B)	Investments in India	0.16	1,571.73	11,816.78	13,388.67
	Total – Gross (B)	**0.16**	**1,571.73**	**11,816.78**	**13,388.67**
	Less: Allowance for impairment loss (C)	-	-	-	-
	Total – Net D= (A)-(C)	**0.16**	**1,571.73**	**11,816.78**	**13,388.67**

* The Group accounts for its investments in joint ventures at deemed cost (carrying value of previous GAAP) in accordance with IND AS 101.

Notes
to the Consolidated Financial Statements (Continued)

Note 8 : Other financial assets

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Accrued interest / financial charges	292.86	189.39	220.92
Advances recoverable	1,207.96	1,562.16	1,745.00
Trade advance	2,112.09	2,590.71	2,730.91
Excess interest spread receivable (refer note 49)	8,737.28	8,008.12	8,928.82
Security deposits	873.33	770.40	784.22
Advances to related parties #	1,007.94	718.71	821.11
Others	5,955.18	7,954.04	8,708.07
Less: Impairment loss allowance *	(1,575.07)	(1,836.38)	(2,019.00)
	18,611.57	**19,957.15**	**21,920.05**

*Includes allowance created against advance recoverable of ₹ 505.27 lacs (31 March 18: ₹ 505.27 lacs, 1 April 2017: ₹ 500.00 lacs) and expected credit loss against excess interest spread receivable (EIS) receivable of ₹ 53.56 lacs (31 March 18: ₹ 43.21 lacs, 1 April 2017: ₹ 57.97 lacs) and trade advance of ₹ 1,016.24 lacs (31 March 18: ₹ 1,287.90 lacs, 1 April 2017: ₹ 1,461.03 lacs).

#Includes advance given to a private limited company in which director of the Company is a director / member. (Refer Note 44)

Note 9 : Current tax assets (net)

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Advance tax and deduction at source (net of provision for taxes)	10,755.86	9,748.24	9,003.82
Total	**10,755.86**	**9,748.24**	**9,003.82**

Note 10 : Income tax

A. Amounts recognised in statement profit or loss

(₹ in Lacs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current tax		
Current period (a)	2,992.00	10,703.00
Changes in estimates related to prior years (b)	376.42	(219.20)
	3,368.42	**10,483.80**
Deferred tax (c)		
Attributable to-		
Origination / (Reversal) of temporary differences	10,520.75	(1,337.59)
Increase in tax rate	(96.32)	(229.74)
Recognition of previously unrecognised temporary timing differences *	-	(2,758.17)
Recognition of MAT credit entitlement	42.61	(762.39)
Sub-total (c)	**10,467.04**	**(5,087.89)**
Tax expense (a)+(b)+(c)	**13,835.46**	**5,395.91**

*This represents previously unrecognised deferred tax assets recognised pursuant to business combination with Magma ITL Finance Limited (Refer note 53 (B)).

B. Income tax recognised in other comprehensive income

(₹ in Lacs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	Income Tax	**Income Tax**
Remeasurements of the defined benefit plans	73.12	10.60
Debt Instruments fair value through other comprehensive income	325.03	(314.03)
	398.15	**(303.43)**

Notes
to the Consolidated Financial Statements (Continued)

Note 10 : Income tax (Contd.)

C. Reconciliation of effective tax rate

(₹ in Lacs)

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	%	Amount	%	Amount
Profit before tax		44,169.67		28,897.86
Tax using the Company's domestic tax rate	34.94	15,434.65	34.61	10,000.97
Effect of:				
Impact of difference between statutory rate and deferred tax rate	(0.22)	(96.32)	(0.80)	(229.74)
Non taxable income / tax incentives / disallowable expenses	(1.66)	(731.31)	(0.37)	(107.71)
Recognition of previously unrecognised temporary timing differences *	0.00	-	(9.54)	(2,758.17)
Impact of difference of tax rate in Magma Housing Finance Limited	(0.51)	(225.85)	0.00	-
Adjustment of brought forward losses of earlier years	0.00	-	(6.70)	(1,935.67)
Others	(2.08)	(922.13)	2.23	645.43
Effective tax rate	30.47	13,459.04	19.43	5,615.11
Provisions relating to earlier years	0.85	376.42	(0.76)	(219.20)
Income tax expense reported in the statement of profit and loss	**31.32**	**13,835.46**	**18.67**	**5,395.91**

* This represents previously unrecognised deferred tax assets recognised pursuant to business combination with Magma ITL Finance Limited (Refer note 53 (B)).

D. Deferred tax assets, net

Movement of deferred tax assets / liabilities

(₹ in Lacs)

Particulars	As at 1 April 2018	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2019
Deferred tax assets:				
Impairment allowance	36,232.94	(16,201.07)	-	20,031.87
Application of effective interest rate method method on financial assets and financial liabilities	2,472.88	1,062.11	-	3,534.99
Provision for compensated absence	229.89	1.41	-	231.30
Unabsorbed depreciation and amortisation	-	-	-	-
Minimum alternate tax credit entitlement	762.39	(42.61)	-	719.78
Others	168.69	(122.33)	-	46.36
	39,866.79	**(15,302.49)**	**-**	**24,564.30**

(₹ in Lacs)

Particulars	As at 1 April 2018	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2019
Deferred tax liabilities:				
Property, plant and equipment	3,250.85	(1,199.98)	-	2,050.87
Loans	3,294.59	(3,193.75)	(325.03)	(224.18)
EIS receivable	2,584.95	183.84	-	2,768.79
Investments	347.74	(670.49)	-	(322.75)
Application of effective interest rate method on financial assets and financial liabilities	5,197.61	316.74	-	5,514.35
Gratuity (excess of plan assets over obligation)	55.34	71.39	(73.12)	53.61
Others	1,308.41	(343.19)	-	965.25
	16,039.49	**(4,835.45)**	**(398.15)**	**10,805.93**
Net deferred tax assets	**23,827.30**	**(10,467.04)**	**398.15**	**13,758.37**

Notes
to the Consolidated Financial Statements (Continued)

Note 10 : Income tax (Contd.)

(₹ in Lacs)

Particulars	As at 1 April 2017	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2018
Deferred tax assets:				
Impairment allowance	30,250.05	5,982.89	-	36,232.94
Application of effective interest rate method method on financial assets and financial liabilities	397.77	2,075.11	-	2,472.88
Provision for compensated absence	298.75	(68.86)	-	229.89
Unabsorbed depreciation and amortisation	3,585.25	(3,585.25)	-	-
Minimum alternate tax credit entitlement	-	762.39	-	762.39
Others	243.79	(75.10)	-	168.69
	34,775.61	**5,091.18**	**-**	**39,866.79**
Deferred tax liabilities:				
Property, plant and equipment	3,182.87	67.98	-	3,250.85
Loans	3,303.14	(322.58)	314.03	3,294.59
EIS receivable	2,942.59	(357.64)	-	2,584.95
Investments	147.59	200.15	-	347.74
Application of effective interest rate method on financial assets and financial liabilities	5,240.79	(43.18)	-	5,197.61
Gratuity (excess of plan assets over obligation)	58.36	7.58	(10.60)	55.34
Others	857.46	450.98	-	1,308.41
	15,732.80	**3.29**	**303.43**	**16,039.49**
Net deferred tax assets	**19,042.81**	**5,087.89**	**(303.43)**	**23,827.30**

E. Unused tax losses on which deferred tax is not created

(₹ in Lacs)

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Amount	Expiry on	Amount	Expiry on	Amount	Expiry
Long term capital loss						
A.Y. 2010-2011	-	-	-	-	0.23	A.Y. 2018-2019
A.Y. 2012-2013	-	-	900.64	A.Y. 2020-2021	900.64	A.Y. 2020-2021
A.Y. 2015-2016	-	-	0.15	A.Y. 2023-2024	0.15	A.Y. 2023-2024
A.Y. 2016-2017	257.73	A.Y. 2024-2025	2,025.25	A.Y. 2024-2025	2,025.25	A.Y. 2024-2025
Short term capital loss						
A.Y. 2014-2015	18.18	A.Y. 2022-2023	18.18	A.Y. 2022-2023	18.18	A.Y. 2022-2023
Business loss						
A.Y. 2017-2018	-	-	-	-	5,247.52	A.Y. 2025-2026
Deductible temporary timing differences which do not expire under the current tax legislation						
Unabsorbed depreciation						
A.Y. 2017-2018	-	-	-	-	1.90	
	275.91		**2,944.22**		**8,193.87**	

A.Y. - 'Assessment Year'

F. Uncertain tax positions

Refer Note 45 on contingent liabilities and commitment relating to income tax matter under dispute.

11 Property, plant and equipment

(₹ in Lacs)

Particulars	Gross block				Depreciation and amortisation				Net block	
	As at 31 March 2018	Additions	Deletions/ adjustments	As at 31 March 2019	As at 31 March 2018	For the year	Deletions/ adjustments	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Owned Assets										
Fixed assets for own use										
Land ^	30.26	-	-	30.26	-	-	-	-	30.26	30.26
Buildings * ^	1,529.62	-	-	1,529.62	38.37	38.36	-	76.73	1,452.89	1,491.25
Wind mills ^	5,112.34	-	-	5,112.34	410.39	410.39	-	820.78	4,291.56	4,701.95
Furniture and fixtures	1,032.73	106.38	42.62	1,096.49	213.06	218.14	36.10	395.10	701.39	819.67
Vehicles	298.81	132.21	59.65	371.37	31.18	49.85	33.94	47.09	324.28	267.63
Office equipment	2,818.46	776.42	333.09	3,261.79	721.46	931.72	321.82	1,331.36	1,930.43	2,097.00
Leasehold improvements	1,491.40	126.57	22.12	1,595.85	277.65	323.29	16.08	584.86	1,010.99	1,213.75
Assets under Lease										
Fixed assets on operating lease										
Investment property	8.60	-	-	8.60	0.18	0.18	-	0.36	8.24	8.42
Vehicles	6,106.84	3,126.83	2,185.88	7,047.79	348.64	1,989.65	1,408.08	930.21	6,117.58	5,758.20
Total	**18,429.06**	**4,268.41**	**2,643.36**	**20,054.11**	**2,040.93**	**3,961.58**	**1,816.02**	**4,186.49**	**15,867.62**	**16,388.13**

Particulars	Cost / Deemed cost (Refer Note 55)				Depreciation and amortisation				Net block	
	As at 1 April 2017	Additions	Deletions/ adjustments	As at 31 March 2018	As at 1 April 2017	For the year	Deletions/ adjustments	As at 31 March 2018	As at 31 March 2018	As at 1 April 2017
Owned Assets										
Fixed assets for own use										
Land ^	30.26	-	-	30.26	-	-	-	-	30.26	30.26
Buildings * ^	1,529.62	-	-	1,529.62	-	38.37	-	38.37	1,491.25	1,529.62
Wind mills ^	5,112.34	-	-	5,112.34	-	410.39	-	410.39	4,701.95	5,112.34
Furniture and fixtures	952.29	117.40	36.96	1,032.73	-	247.28	34.22	213.06	819.67	952.29
Vehicles	159.35	163.12	23.66	298.81	-	37.38	6.20	31.18	267.63	159.35
Office equipment	2,561.65	793.55	536.74	2,818.46	-	1,150.10	428.64	721.46	2,097.00	2,561.65
Leasehold improvements	1,265.34	258.93	32.87	1,491.40	-	303.96	26.31	277.65	1,213.75	1,265.34
Assets under Lease										
Fixed assets on perating lease										
Investment property	8.60	-	-	8.60	-	0.18	-	0.18	8.42	8.60
Vehicles	6,743.07	3,159.95	3,796.18	6,106.84	-	1,948.31	1,599.67	348.64	5,758.20	6,743.07
Total	**18,362.52**	**4,492.95**	**4,426.41**	**18,429.06**	**-**	**4,135.97**	**2,095.04**	**2,040.93**	**16,388.13**	**18,362.52**

* Registration of title for 3 buildings is pending.

^ For details of movable / immovable property, plant and equipment hypothecated against borrowings, refer Notes 19 and 20.

For details on contractual commitment, refer note 45

Notes
to the Consolidated Financial Statements (Continued)

Note 12: Capital work in progress

(₹ in Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital work in progress	**290.24**	**11.58**	**120.96**

Note13: Intangible assets under development

(₹ in Lacs)

Particulars	As at 1 April 2017	Additions	Deletions	Written off	As at 31 March 2018	Additions	Deletions	Written off	As at 31 March 2019
Intangible assets under development	**427.94**	**445.99**	**179.97**	**597.69**	**96.27**	**210.46**	**192.25**	**19.84**	**94.64**

Note 14: Other intangible assets

(₹ in Lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block	
	As at 31 March 2018	Additions	Deletions/ adjustments	As at 31 March 2019	As at 31 March 2018	For the year	Deletions/ adjustments	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Fixed assets for own use										
Computer software	3,626.77	860.79	-	4,487.56	786.48	1,084.81	-	1,871.29	2,616.27	2,840.29
Total (A)	**3,626.77**	**860.79**	**-**	**4,487.56**	**786.48**	**1,084.81**	**-**	**1,871.29**	**2,616.27**	**2,840.29**

(₹ in Lacs)

Description of assets	Cost / Deemed cost (Refer Note 55)				Depreciation and amortisation				Net block	
	As at 1 April 2017	Additions	Deletions/ adjustments	As at 31 March 2018	As at 1 April 2017	For the year	Deletions/ adjustments	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Fixed assets for own use										
Computer software	2,879.04	747.73	-	3,626.77	-	786.48	-	786.48	2,840.29	2,879.04
Total (A)	**2,879.04**	**747.73**	**-**	**3,626.77**	**-**	**786.48**	**-**	**786.48**	**2,840.29**	**2,879.04**

Note 15: Goodwill

(₹ in Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At cost, beginning of the year	1,430.34	1,430.34	1,430.34
Additions			
Acquisitions	-	-	-
Disposals	-	-	-
Other adjustments	-	-	-
Total cost	**1,430.34**	**1,430.34**	**1,430.34**
Accumulated impairment:			
At beginning of the year	-	-	-
Disposals	-	-	-
Impairment/(reversal) of impairment	-	-	-
Other adjustments	-	-	-
Total impairment	**-**	**-**	**-**
Net carrying amount	**1,430.34**	**1,430.34**	**1,430.34**

Note 16: Other non-financial assets

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Prepaid expenses	2,076.88	1,709.44	1,566.00
Balances with statutory / government authorities	1,578.69	1,140.03	1,226.31
Gratuity * (excess of plan assets over obligation)	145.20	158.35	132.74
Capital Advances	142.87	16.87	118.78
	3,943.64	**3,024.69**	**3,043.83**

* Refer Note 40 for disclosure related to provisions for employee benefits.

Note 17: Derivative financial instruments

(₹ in Lacs)

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Notional amounts	Fair Value - Liabilities	Notional amounts	Fair Value - Liabilities	Notional amounts	Fair Value - Liabilities
Part I						
Currency derivatives						
- Spot and forwards contract	-	-	5,000.00	59.57	-	-
Total Derivative Financial Instruments - Part I	**-**	**-**	**5,000.00**	**59.57**	**-**	**-**
Part II						
Undesignated Derivatives	-	-	5,000.00	59.57	-	-
Total Derivative Financial Instruments - Part II	**-**	**-**	**5,000.00**	**59.57**	**-**	**-**

Note 18: Trade Payables

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i) total outstanding dues of micro enterprises and small enterprises*	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and mall enterprises	36,966.00	32,238.06	21,917.05
	36,966.00	**32,238.06**	**21,917.05**

* 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 2019, 31 March 2018 and 1 April 2017. 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. The same has been relied upon by auditors.

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
a) Dues remaining unpaid to any supplier at the year end			
- Principal	-	-	-
- Interest on the above	-	-	-
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year			
- Principal paid beyond the appointed date	-	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-	-
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-	-
d) Amount of interest accrued and remaining unpaid	-	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-	-

Notes
to the Consolidated Financial Statements (Continued)

Note 19: Debt securities

(₹ in Lacs)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	At Amortised Cost - Secured			
(A)	Redeemable non-convertible debentures	49,250.44	34,688.13	64,239.17
	Total (A)	**49,250.44**	**34,688.13**	**64,239.17**
(B)	Debt securities in India	49,250.44	34,688.13	64,239.17
	Total (B)	**49,250.44**	**34,688.13**	**64,239.17**

Nature of security

Debentures are secured by mortgage of Company's immovable property situated at (i) Rajarhat, Kolkata in the state of West Bengal , (ii) Barasat, Dist - 24 Parganas (N) and are also secured against designated Loans assets. The total asset cover is hundred percent or above of the principal amount of the said debentures.

Terms of maturity of secured redeemable non-convertible debentures

(₹ in Lacs)

	Interest rate range (p.a.)			Amount		
Maturity schedule	**As at 31 March 2019**	**As at 31 March 2018**	**As at 1 April 2017**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 1 April 2017**
0 - 1 Years	8.99% - 11.06%	8.74% - 10.33%	9.63% - 10.80%	11,482.07	8,997.59	48,484.05
1 - 3 Years	9.55% - 10.88%	8.99% - 10.00%	10.33%	26,988.01	12,475.31	7,463.57
3 - 5 Years	9.00% - 10.33%	9.55% - 10.10%	9.55% - 10.00%	5,870.29	3,478.58	2,474.15
> 5 Years	9.00%	9.00%	9.00% - 10.10%	4,910.07	9,736.65	5,817.40
				49,250.44	**34,688.13**	**64,239.17**

Note 20: Borrowings (other than debt securities)

(₹ in Lacs)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	At Amortised Cost			
(A)	a) Term loans - Secured *			
	- from banks	242,338.38	226,421.04	273,841.36
	- from other parties	30.54	836.63	13,724.90
	b) Loans repayable on demand - Secured			
	- from banks (Cash credit facilities and working capital demand loans)	385,203.16	544,692.66	481,090.56
	c) Other loans			
	- Loan from PTC Investors - Secured	349,824.36	244,675.97	245,230.38
	- Commercial paper - Unsecured	185,334.05	59,126.95	60,017.40
	Total (A)	**1,162,730.49**	**1,075,753.25**	**1,073,904.60**
(B)	Borrowings in India	1,162,730.49	1,075,753.25	1,073,904.60
	Total (B)	**1,162,730.49**	**1,075,753.25**	**1,073,904.60**
* Aggregate of loans guaranteed by Director		30.54	263.34	795.42

Nature of security

a) Term loans are secured by way of hypothecation of designated Loans assets and future rentals receivable therefrom

b) 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 along with personal guarantee of a Director.

c) Term loans from PTC investors represents amounts received in respect of securitisation transactions (net of repayments and investment therein) as these transactions do not meet the derecogniton criteria specified under IND AS. This are secured by way of hypothecation of designated Loans assets receivables.

Note 20: Borrowings (other than debt securities) (Contd.)

d) Cash Credit facilities and Working Capital Demand Loans from Banks are secured by way of hypothecation of the Company's loan assets, tangible movable assets, plant and machinery, equipment's, etc. and future rental income therefrom and other current assets (expressly excluding those equipment's, plant, machinery, spare parts, tangible movable assets 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 financial organisation). These are collaterally secured by way of equitable mortgage over immovable property.

Details of cash credit facilities and working capital demand loans.

The cash credit facilities are repayable on demand and carry interest rates ranging from 8.90% % p.a. to 12.05 % p.a. (31 March 2018: from 8.70% p.a. to 12.10% p.a. and 1 April 2017: from 9.00 % p.a. to 11.20% p.a.). Working capital demand loans are repayable on demand and carry interest rates ranging from 8.55 % p.a. to 9.60 % p.a. (31 March 2018: from 8.15% p.a. to 9.25% p.a. and 1 April 2017: from 8.20% p.a. to 9.60% 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. There is no un-hedged foreign currency exposure as on 31 March 2019.

Details of commercial papers

The commercial papers carry interest rates ranging from 8.95% p.a. to 9.70% p.a. with maturity ranging from 2 month to 11 months (31 March 2018: from 7.90% p.a. to 8.50% p.a. with maturity ranging from 1 month to 3 months and 1 April 2017: from 7.61% p.a. to 8.95% p.a. with maturity ranging from 1 months to 3 months).

Terms of repayment of term loans (secured)

(₹ in Lacs)

	Interest rate range (p.a.)			Amount		
Maturity schedule	**As at 31 March 2019**	**As at 31 March 2018**	**As at 1 April 2017**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 1 April 2017**
Half yearly installments						
0 - 1 Years	9.20% - 9.30%	8.9% - 10.50%	10.45% - 10.50%	1,249.47	5,173.74	6,596.85
1 - 3 Years	-	10.50%	10.45% - 10.50%	-	1,249.52	6,424.64
				1,249.47	**6,423.26**	**13,021.49**

(₹ in Lacs)

	Interest rate range (p.a.)			Amount		
Maturity schedule	**As at 31 March 2019**	**As at 31 March 2018**	**As at 1 April 2017**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 1 April 2017**
Quarterly installments						
0 - 1 Years	8.95% - 10.70%	8.30% - 11.10%	9.70% - 12.25%	74,110.85	74,264.54	82,351.07
1 - 3 Years	8.95% - 10.45%	8.30% - 10.70%	9.30% - 12.25%	99,898.94	116,945.93	138,381.93
3 - 5 Years	8.95% - 10.25%	8.30% - 10.45%	9.30% - 10.50%	36,062.50	27,183.91	47,247.65
> 5 Years	9.40% - 10.25%	9.30% - 9.70%	9.30% - 9.70%	891.83	2,317.16	3,740.77
				210,964.12	**220,711.54**	**271,721.42**

(₹ in Lacs)

	Interest rate range (p.a.)			Amount		
Maturity schedule	**As at 31 March 2019**	**As at 31 March 2018**	**As at 1 April 2017**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 1 April 2017**
Monthly installments						
0 - 1 Years	12.00%	8.90% - 12.00%	10.75% - 12.00%	50.61	41.95	2,772.27
1 - 3 Years	10.50% - 12.00%	8.90% - 12.00%	12.00%	15,083.87	62.42	39.97
3 - 5 Years	10.50% - 12.00%	8.90% - 12.00%	12.00%	15,020.39	18.50	11.11
> 5 Years	12.00%	12.00%	-	0.46	-	-
				30,155.33	**122.87**	**2,823.35**

Notes
to the Consolidated Financial Statements (Continued)

Note 20: Borrowings (other than debt securities) (Contd.)

(₹ in Lacs)

Maturity schedule	Interest rate range (p.a.) As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Amount As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
				242,368.92	**227,257.67**	**287,566.26**

Terms of maturity of Loan from PTC Investors

(₹ in Lacs)

Maturity schedule	Interest rate range (p.a.) As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Amount As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
0 - 1 Years	6.11% - 10.93%	6.11% - 9.57%	6.17% - 9.57%	152,634.73	138,995.27	128,182.64
1 - 3 Years	6.11% - 10.93%	6.11% - 9.57%	6.17% - 9.57%	162,372.54	98,726.27	109,372.99
3 - 5 Years	6.27% - 10.93%	6.11% - 9.11%	6.17% - 9.57%	22,152.72	6,954.43	7,674.75
> 5 years	9.75% - 9.90%	-	-	12,664.37	-	-
				349,824.36	**244,675.97**	**245,230.38**

Note 21 Subordinated liabilities

(₹ in Lacs)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	At Amortised Cost - Unsecured			
(A)	Perpetual debt instruments (Tier I capital) to the extent that do not qualify as equity	13,236.76	13,185.01	13,040.09
	Others (Tier II capital) :			
	- From banks (subordinated debts)	29,784.96	9,948.51	9,937.21
	- Redeemable subordinate debt instruments to the extent that do not qualify as equity	58,308.32	79,090.45	87,541.46
	Total (A)	**101,330.04**	**102,223.97**	**110,518.76**
(B)	Subordinated liabilities in India	101,330.04	102,223.97	110,518.76
	Total (B)	**101,330.04**	**102,223.97**	**110,518.76**

Terms of maturity of perpetual debt debentures (Tier I capital)

(₹ in Lacs)

Maturity schedule	Interest rate range (p.a.) As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Amount As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
0 - 1 Years	13.50% - 13.75%	-	-	2,990.95	-	-
1 - 3 Years	12.50%	12.50% - 13.75%	13.50% - 13.75%	2,466.27	5,429.00	2,972.80
3 - 5 Years	12.00% - 12.10%	-	12.50%	4,989.72	-	2,428.15
> 5 Years	11.00% - 12.10%	11.00% - 12.10%	11.50% - 12.10%	2,789.82	7,756.01	7,639.14
				13,236.76	**13,185.01**	**13,040.09**

Terms of maturity of redeemable subordinated debt instruments (Tier II capital)

(₹ in Lacs)

Maturity schedule	Interest rate range (p.a.) As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Amount As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
0 - 1 Years	11.00%	11.20% - 11.75%	11.75% - 12.00%	12,948.07	20,983.71	10,685.05
1 - 3 Years	11.00% - 11.45%	11.00%	11.00% - 11.75%	22,859.45	12,893.10	33,737.77
3 - 5 Years	10.30% - 11.50%	10.30% - 11.50%	11.00% - 11.45%	11,828.09	28,473.86	22,734.07
> 5 Years	10.00% - 10.40%	10.00% - 10.90%	10.25% - 11.50%	10,672.71	16,739.78	20,384.57
				58,308.32	**79,090.45**	**87,541.46**

Notes
to the Consolidated Financial Statements (Continued)

Note 21 Subordinated liabilities (Contd.)

Terms of repayment of subordinated instruments from banks (unsecured) (Tier II capital)

(₹ in Lacs)

	Interest rate range (p.a.)			Amount		
Maturity schedule	**As at 31 March 2019**	**As at 31 March 2018**	**As at 1 April 2017**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 1 April 2017**
0 - 1 Years	-	-	-	-	-	-
1 - 3 Years	11.00%	-	-	1,632.79	-	-
3 - 5 Years	11.00%	10.10%	-	8,327.03	8,282.15	-
> 5 Years	12.50%	10.10%	11.00%	19,825.14	1,666.36	9,937.21
				29,784.96	**9,948.51**	**9,937.21**

The Company has not defaulted in repayment of principal and interest

Note 22: Other financial liabilities

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Interest accrued	5,448.17	6,835.99	9,665.87
Unpaid dividend *	37.46	34.56	32.28
Temporary book overdraft	21,380.51	13,153.70	3,947.81
Director's commission payable	177.50	200.00	-
Pending remittance on assignment	7,249.77	6,824.92	14,716.59
Other payables **	10,371.05	9,614.48	11,546.28
	44,664.46	**36,663.65**	**39,908.83**

* There has been no delay in transfer of amounts required to be transferred to Investor Education and Protection Fund

** Includes provision for commission payable to executive director of ₹ 270.00 lacs (31 March 18: ₹ 230.00 lacs, 1 April 2017: ₹ Nil), refer Note 44.

Note 23: Current tax liabilities (net)

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for tax (net of advance tax)	1,192.27	1,632.03	765.60
	1,192.27	**1,632.03**	**765.60**

Note 24: Provisions

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for compensated absence	831.84	709.09	967.00
Provision - others	443.00	543.00	393.00
	1,274.84	**1,252.09**	**1,360.00**

Note 25: Other non-financial liabilities

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Revenue received in advance	91.70	77.47	49.06
Advances and deposits from customers	5,938.90	6,848.29	8,151.23
Statutory liabilities	1,100.04	795.97	714.36
	7,130.64	**7,721.73**	**8,914.65**

Notes
to the Consolidated Financial Statements (Continued)

Note 26: Equity

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Authorised			
1,265,000,000 (31 March 2018: 1,265,000,000 , 1 April 2017: 265,000,000) Equity shares of ₹ 2/- each	25,300.00	25,300.00	5,300.00
58,300,000 (31 March 2018: 58,300,000 , 1 April 2017: 54,300,000) Preference shares of ₹ 100/- each	58,300.00	58,300.00	54,300.00
	83,600.00	**83,600.00**	**59,600.00**
Issued, subscribed and paid-up			
Equity share capital			
269,324,236 (2018: 237,028,672, 2017: 236,959,672) Equity shares of ₹ 2/- each, fully paid up	5,386.48	4,740.57	4,739.19
	5,386.48	**4,740.57**	**4,739.19**

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

(₹ in Lacs)

Particulars	31 March 2019		31 March 2018	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the period	237,028,672	4,740.57	236,959,672	4,739.19
Shares issued on exercise of ESOPs during the year	37,500	0.75	69,000	1.38
Shares issued to Qualified Institutional Buyer's	32,258,064	645.16	-	-
Issued, subscribed and paid up share capital	**269,324,236**	**5,386.48**	**237,028,672**	**4,740.57**

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 ₹.

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.

During the year on 12 April 2018, the Company has allotted 32,258,064 equity shares of face value of ₹ 2/- each to Qualified Institutional Buyers, aggregating to approximately ₹ 50,000 lacs, including premium of ₹ 153/- per share under Chapter VIII of 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. Consequent to the said allotment, the total paid-up equity share capital of the Company stands increased to 269,286,736 equity shares of ₹ 2/- each aggregating to ₹ 5,385.73 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

During the year, the Company has allotted on 8 November 2018 and 30 January 2019, 15,000 equity shares and 22,500 equity shares respectively of the face value of ₹ 2/- each to the eligible employees of the Company under Employee Stock Option Plan pursuant to SEBI (ESOS and ESPS) Guidelines, 1999, and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014, as amended from time to time.

On 14 May 2019, the Company has allotted 18,000 equity shares of the face value of ₹ 2/- each to the eligible employees of the Company under Employee Stock Option Plan pursuant to SEBI(ESOS and ESPS) Guidelines, 1999, and with corresponding provision of SEBI (Share Based Employee Benefits) Regulations 2014, as amended from time to time. Consequent to the said allotment, the total paid-up equity share capital of the Company stands increased to 269,342,236 equity shares of ₹ 2/- each aggregating to ₹ 5,386.84 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

During previous year ended 31 March 2018, the amount of per share dividend recommended by the Board as distribution to equity shareholders is ₹ 0.80 (40%) per equity share of the face value of ₹ 2/- each including shares allotted post 31 March 2018, pursuant to Qualified Institutional Placement (QIP) and ESOP scheme. Total dividend on 269,286,736 equity shares for the year ended 31 March 2018 amounted to ₹ 2,597.11 lacs including corporate dividend tax of ₹ 442.82 lacs, subject to approval of shareholders.

During the year ended 31 March 2019, the amount of per share dividend recommended by the Board as distribution to equity shareholders is ₹ 0.80 (40%) per equity share of the face value of ₹ 2/- each including shares allotted post 31 March 2019 upto record date. Total dividend on

Note 26: Equity (Contd.)

269,342,236 equity shares for the year ended 31 March 2019 would amount to ₹ 2,597.65 lacs including corporate dividend tax of ₹ 442.91 lacs, subject to approval of shareholders.

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.

Shares bought back
Company has not bought back any of its securities during the five year period immediately preceding the reporting date.

Shareholders holding more than 5% shares

Name of the shareholder	31 March 2019		31 March 2018		1 April 2017	
	%	No. of shares	%	No. of shares	%	No. of shares
Equity shares						
Zend Mauritius VC Investments Limited	-	-	14.46	34,276,629	14.47	34,276,629
Microfirm Capital Private Limited	12.63	34,015,928	14.35	34,015,928	14.36	34,015,928
Celica Developers Private Limited	10.93	29,434,455	12.42	29,434,455	12.42	29,434,455
True North Fund V LLP	10.49	28,255,524	11.92	28,255,524	11.92	28,255,524
Amansa Holdings Private Limited	7.67	20,656,242	-	-	-	-
International Finance Corporation	7.33	19,753,041	9.70	23,000,000	9.71	23,000,000
Lavender Investments Limited	7.00	18,851,431	7.95	18,851,431	7.96	18,851,431
LeapFrog Financial Inclusion India Holdings Limited	-	-	5.58	13,218,519	7.82	18,518,519
Reliance Capital Trustee Company Ltd	5.64	15,204,425	-	-	-	-

Note 27: Other equity

Capital redemption reserve

Capital Redemption Reserve is created to keep the capital intact when preference shares are redeemed or equity shares are bought back. It is utilised in accordance with the provisions of the Companies Act, 2013

Employee share option outstanding

"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 and the shareholders of the Company. The share option outstanding reserve is used to recognise the grant date fair value of option issued under aforesaid plans.

Refer Note 43 for further details on employee stock options.

Statutory reserve (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)

Statutory reserve represents the Reserve Fund created under section 45-IC of the Reserve Bank of India Act, 1934. Under section 45-IC, the Company is required to transfer a sum not less than twenty percent of its net profit for the financial year to the statutory reserve. The statutory reserve can be utilised for the purposes as may be specified by the Reserve Bank of India from time to time.

Statutory reserve (created pursuant to Section 29C of National Housing Bank Act, 1987)

Statutory reserve represents the Reserve Fund created under section 29C of the National Housing Bank Act, 1987. Under section 29C, the MHFL (subsidiary) is required to transfer a sum not less than twenty percent of its net profit for the financial year to the statutory reserve. The statutory reserve can be utilised for the purposes as may be specified by the National Housing Bank from time to time.

Securities premium reserve

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Capital reserve

Capital reserve has been created to set aside gains of capital nature from amalgamation and merger. It is utilised in accordance with the provisions of the Companies Act, 2013

Debt instruments through other comprehensive income

This comprises changes in the fair value of debt instruments recognised in other comprehensive income and accumulated within equity. The group transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

Notes
to the Consolidated Financial Statements (Continued)

Note 28: Interest Income

(₹ in Lacs)

	Year ended 31 March 2019		Year ended 31 March 2018	
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost
Interest on loans	44,543.79	177,156.42	20,456.64	189,152.44
Interest on deposits with banks	-	2,799.48	-	2,253.28
Other interest income				
- On loans and margins	-	359.48	-	665.39
- On security deposit	-	64.06	-	78.95
- Others	-	52.45	-	-
	44,543.79	**180,431.89**	**20,456.64**	**192,150.06**
Total		**224,975.68**		**212,606.70**

Note 29: Rental Income

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Income from lease rentals		
- On operating lease assets	2,766.24	2,774.51
- On investment property	2.54	2.56
Total	**2,768.78**	**2,777.07**

Note 30: Fees and Commission Income

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Collection and support services	3,099.77	1,765.06
Foreclosure charges	3,260.44	3,760.85
Insurance commission	1,466.62	1,289.36
Commitment fees	517.88	292.01
Commission	-	163.89
Others (cheque bouncing charges, valuation charges, etc.)	929.35	863.23
Total	**9,274.06**	**8,134.40**

Note 31: Net gain on fair value changes *

(₹ in Lacs)

		Year ended 31 March 2019	Year ended 31 March 2018
(A)	**Net gain on financial instruments at fair value through profit or loss**		
	- On equity securities	657.72	723.83
	- On other financial assets	(268.70)	875.42
	- On derivative contracts	59.57	(59.57)
	Total Net gain on fair value changes (A)	**448.59**	**1,539.68**
(B)	**Fair Value changes:**		
	Realised	507.84	643.36
	Unrealised	(59.25)	896.32
	Total Net gain on fair value changes (B)	**448.59**	**1,539.68**

* Fair value changes in this schedule are other than those arising on account of interest income/expense.

Notes
to the Consolidated Financial Statements (Continued)

Note 32: Net gain on derecognition of financial instruments

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Income from derecognition on account of direct assignment transactions	5,077.35	3,978.66
Gain on sale of non performing and written off assets (Net of reversal of provision of ₹ 31,372.06 lacs)	2,909.03	-
Total	**7,986.38**	**3,978.66**

Note 33: Other Income

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of power	1,204.27	1,015.74
Gain on sale of investments	245.19	-
Net gain on derecognition of property, plant and equipment	43.28	190.35
Bad debt recovered	1,869.23	2,044.30
Miscellaneous income	2,523.60	500.03
Total	**5,885.57**	**3,750.42**

Note 34: Finance cost

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at Amortised Cost
Interest on deposits	60.98	48.33
Interest on borrowings	93,870.71	92,397.86
Interest on debt securities	4,309.04	4,138.51
Interest on subordinated liabilities	10,950.35	12,187.64
Other interest expense	9.14	10.88
Other borrowing costs	3,023.18	2,965.54
Total	**112,223.40**	**111,748.76**

Note 35: Impairment on financial instruments

(₹ in Lacs)

	Year ended 31 March 2019		Year ended 31 March 2018	
	On Financial instruments measured at fair value through OCI	On Financial liabilities measured at Amortised Cost	On Financial instruments measured at fair value through OCI	On Financial liabilities measured at Amortised Cost
Loans *	(598.17)	(13,432.80)	782.25	4,483.74
Other assets	-	(361.95)	-	(39.98)
Bad debts written-off	5,046.41	35,886.38	688.60	25,679.99
	4,448.24	**22,091.63**	**1,470.85**	**30,123.75**
Total		**26,539.87**		**31,594.60**

* Effective 1st July 2018, SME has been reclassified from amortised cost to FVOCI.

Notes
to the Consolidated Financial Statements (Continued)

Note 36: Employee benefits expenses *

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	39,225.39	33,788.23
Contribution to provident and other funds	1,840.03	1,479.31
Share based payments to employees	850.78	129.06
Staff welfare expenses	1,747.59	1,406.74
Total	**43,663.79**	**36,803.34**

* Refer note 44

Note 37: Depreciation, amortisation and impairment

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property plant and equipment	3,961.40	4,135.79
Depreciation on investment property	0.18	0.18
Amortisation of intangible asset	1,084.81	786.48
Total	**5,046.39**	**4,922.45**

Note 38: Others expenses

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Rent	2,244.56	2,057.69
Rates and taxes	35.21	44.11
Electricity charges	859.48	717.31
Repairs and maintenance		
- Machinery	393.47	362.29
- Others	1,773.45	1,459.28
Communication expenses	1,257.85	1,203.18
Printing and stationery	627.03	557.37
Advertisement and publicity	443.53	277.12
Directors		
- Fees	82.15	103.88
- Commission	177.50	200.00
Legal charges	1,209.63	1,707.20
Professional fees *	3,607.13	2,970.63
Insurance	106.63	51.73
Travelling and conveyance	2,456.11	2,277.87
CSR expenditure **	345.88	384.68
Outsource collection charges	1,942.76	2,248.15
Intangible assets under development written off	19.84	597.69
Miscellaneous expenses	2,113.73	1,599.74
Total	**19,695.94**	**18,819.92**

Refer note 44

Notes
to the Consolidated Financial Statements (Continued)

Note 38: Others expenses # (Contd.)
***Payments to auditors ##**

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Statutory audit	55.00	36.00
Limited review of quarterly results	30.00	30.00
Other services	41.16	7.90
Reimbursement of expenses	4.49	8.22
Total	**130.65**	**82.12**

Does not include the remuneration paid to the auditor's of subsidiary.

****Details of corporate social responsibility expenditure**
A CSR committee has been formed by the Company as per the Companies Act, 2013. CSR expenses have been incurred through out the year on the activities as specified in Schedule VII of the said Act. The focus area of CSR initiatives undertaken by the Company are education, health and environment.

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
(a) Amount required to be spent by the Company during the year	444.90	381.77
(b) Amount spent during the year (in cash)		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	345.88	384.68

Notes
to the Consolidated Financial Statements (Continued)

Note 39: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ in Lacs)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial Assets									
Cash and cash equivalents	57,098.21	-	57,098.21	10,160.01	-	10,160.01	13,468.99	-	13,468.99
Bank balance other than cash and cash equivalents	31,881.71	6,704.58	38,586.29	28,197.27	2,312.37	30,509.64	18,879.65	9,518.09	28,397.74
Receivables	1,096.98	-	1,096.98	371.89	-	371.89	686.49	-	686.49
Loans	501,997.25	998,666.04	1,500,663.29	490,490.60	866,551.84	1,357,042.44	512,422.82	852,286.50	1,364,709.32
Investments	-	14,114.65	14,114.65	-	14,026.19	14,026.19	-	13,388.67	13,388.67
Other financial assets	8,051.55	10,560.02	18,611.57	6,897.71	13,059.44	19,957.15	8,069.37	13,850.68	21,920.05
Total financial assets	**600,125.70**	**1,030,045.29**	**1,630,170.99**	**536,117.48**	**895,949.84**	**1,432,067.32**	**553,527.32**	**889,043.94**	**1,442,571.26**
Non-financial Assets									
Current tax assets (net)	-	10,755.86	10,755.86	-	9,748.24	9,748.24	-	9,003.82	9,003.82
Deferred tax assets (net)	-	13,758.37	13,758.37	-	23,827.30	23,827.30	-	19,042.81	19,042.81
Property, plant and equipment	-	15,867.62	15,867.62	-	16,388.13	16,388.13	-	18,362.52	18,362.52
Capital work-in-progress	-	290.24	290.24	-	11.58	11.58	-	120.96	120.96
Intangible assets under development	-	94.64	94.64	-	96.27	96.27	-	427.94	427.94
Goodwill	-	1,430.34	1,430.34	-	1,430.34	1,430.34	-	1,430.34	1,430.34
Other intangible assets	-	2,616.27	2,616.27	-	2,840.29	2,840.29	-	2,879.04	2,879.04
Other non-financial assets	3,457.91	485.73	3,943.64	2,600.41	424.28	3,024.69	2,511.96	531.87	3,043.83
Total non-financial assets	**3,457.91**	**45,299.07**	**48,756.98**	**2,600.41**	**54,766.43**	**57,366.84**	**2,511.96**	**51,799.30**	**54,311.26**
Total assets	**603,583.61**	**1,075,344.36**	**1,678,927.97**	**538,717.89**	**950,716.27**	**1,489,434.16**	**556,039.28**	**940,843.24**	**1,496,882.52**
LIABILITIES									
Financial Liabilities									
Derivative financial instruments	-	-	-	59.57	-	59.57	-	-	-
Trade payables	36,966.00	-	36,966.00	32,238.06	-	32,238.06	21,917.05	-	21,917.05
Debt securities	11,482.07	37,768.37	49,250.44	8,980.36	25,707.77	34,688.13	48,484.05	15,755.12	64,239.17
Borrowings (other than debt securities)	797,836.17	364,894.32	1,162,730.49	816,408.60	259,344.65	1,075,753.25	758,414.97	315,489.63	1,073,904.60
Subordinated liabilities	15,939.02	85,391.02	101,330.04	20,983.71	81,240.26	102,223.97	10,685.05	99,833.71	110,518.76
Other financial liabilities	44,664.46	-	44,664.46	36,663.65	-	36,663.65	39,908.83	-	39,908.83
Total financial liabilities	**906,887.72**	**488,053.71**	**1,394,941.43**	**915,333.95**	**366,292.68**	**1,281,626.63**	**879,409.95**	**431,078.46**	**1,310,488.41**
Non-Financial Liabilities									
Current tax liabilities (Net)	1,192.27	-	1,192.27	1,632.03	-	1,632.03	765.60	-	765.60
Provisions	26.07	1,248.77	1,274.84	21.76	1,230.33	1,252.09	90.59	1,269.41	1,360.00
Other non-financial liabilities	7,072.00	58.64	7,130.64	7,668.12	53.61	7,721.73	8,885.81	28.84	8,914.65
Total non-financial liabilities	**8,290.34**	**1,307.41**	**9,597.75**	**9,321.91**	**1,283.94**	**10,605.85**	**9,742.00**	**1,298.25**	**11,040.25**
EQUITY									
Equity share capital	-	5,386.48	5,386.48	-	4,740.57	4,740.57	-	4,739.19	4,739.19
Other equity	-	269,002.31	269,002.31	-	192,461.11	192,461.11	-	170,614.67	170,614.67
Total equity	**-**	**274,388.79**	**274,388.79**	**-**	**197,201.68**	**197,201.68**	**-**	**175,353.86**	**175,353.86**
Total liabilities and equity	**915,178.06**	**763,749.91**	**1,678,927.97**	**924,655.86**	**564,778.30**	**1,489,434.16**	**889,151.95**	**607,730.57**	**1,496,882.52**

Notes
to the Consolidated Financial Statements (Continued)

Note 40: Employee benefits
The Company operates the following post-employment plans -

i. Defined contribution plan
The contribution made to various statutory funds is recognised as expenses and included in Note 36 'Employee benefits expense' under 'Contribution to provident and other funds' in Statement of Profit and Loss. The detail is as follows

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Provident and Pension Fund	1,527.84	1,226.87
Gratuity Fund	312.19	252.44
	1,840.03	**1,479.31**

ii. Defined benefit plan
Gratuity

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. This plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The scheme is fully funded with Life Insurance Corporation of India (LIC). This defined benefit plan expose the Company to actuarial risks, such as regulatory risk, credit risk, liquidity risk, etc. as defined below.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Net defined benefit asset/(liability)	145.20	158.35	132.74

A. Funding
The scheme is fully funded with Life Insurance Corporation of India (LIC). The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in Section E below.

Expected contributions to gratuity plan for the year ending 31 March 2020 is ₹ 152.93 lacs.

B. Reconciliation of the net defined benefit (asset) / liability
The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) / liability and its components:

(₹ in Lacs)

	As at 31 March 2019			As at 31 March 2018		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance at the beginning of the year	1,824.39	1,982.74	(158.35)	1,838.21	1,970.95	(132.74)
Included in profit or loss						
Current service cost	338.73	-	338.73	274.63	-	274.63
Interest cost (income)	126.70	(158.57)	(31.87)	118.95	(141.14)	(22.19)
	465.43	**(158.57)**	**306.86**	**393.58**	**(141.14)**	**252.44**

Notes

to the Consolidated Financial Statements (Continued)

Note 40: Employee benefits (Contd.)

(₹ in Lacs)

	As at 31 March 2019			As at 31 March 2018		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Included in Other comprehensive income						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
- financial assumptions	26.82	-	26.82	(95.69)	-	(95.69)
- experience adjustment	181.61	-	181.61	98.16	-	98.16
– On plan assets	-	-	-	-	64.80	64.80
	208.43	**-**	**208.43**	**2.47**	**64.80**	**67.27**
Other						
Contributions paid by the employer	-	502.14	(502.14)	-	333.01	(333.01)
Benefits paid	(354.45)	(354.45)	-	(409.87)	(397.56)	(12.31)
	(354.45)	**147.69**	**(502.14)**	**(409.87)**	**(64.55)**	**(345.32)**
Balance at the end of the year	**2,143.80**	**2,289.00**	**(145.20)**	**1,824.39**	**1,982.74**	**(158.35)**

C. Plan assets

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Investment with Life Insurance Corporation	100%	100%	100%

On an annual basis, an asset-liability matching study is done by the Company whereby the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

D. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Discount rate	7.60% - 7.64%	7.29% - 7.71%	7.28% - 7.36%
Future salary growth	5.00%	5.00%	5.00%
Withdrawal rate:			
Upto 40 years	4.20%	4.20%	4.20%
40 years and above	Nil	Nil	Nil
Early retirement and disability:			
40-54 years	1.80%	1.80%	1.80%
55-57 years	2.20%	2.20%	2.20%
Expected rate of return on plan assets	7.29% - 7.71%	7.28% - 7.36%	7.87%
Mortality	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)

Note 40: Employee benefits (Contd.)

E. Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lacs)

	As at 31 March 2019		As at 31 March 2018	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (0.25% movement)	2,082.72	2,207.51	1,771.54	1,879.52
Future salary growth (0.5% movement)	2,276.66	2,020.72	1,939.51	1,717.81
Withdrawal rate (2% movement)	2,144.04	2,143.58	1,824.61	1,824.17
Mortality rate (1% movement)	2,144.01	2,143.59	1,824.58	1,824.20

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

F. Expected maturity analysis of the defined benefit plans in future years

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1 year	102.31	138.60	131.62
Between 2-5 years	474.88	355.46	314.48
Between 6-10 years	657.08	538.69	1,039.46
Over 10 years	5,045.13	4,474.81	4,509.31
Total	**6,279.40**	**5,507.56**	**5,994.87**

As at 31 March 2019, the weighted-average duration of the defined benefit obligation was 13.86 - 15.54 years (31 March 2018: 13.97 - 19.68 years and 1 April 2017: 14.78 - 20.85 years).

G. Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

Credit risk: If the scheme is insured and fully funded on PUC basis there is a credit risk to the extent the insurer(s) is/ are unable to discharge their obligations including failure to discharge in timely manner.

Pay-as-you-go risk: For unfunded schemes financial planning could be difficult as the benefits payable will directly affect the revenue and this could be widely fluctuating from year to year. Moreover there may be an opportunity cost of better investment returns affecting adversely the cost of the scheme.

Discount Rate risk: The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase in the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Liquidity risk: This risk arises from the short term asset and liability cash-flow mismatch thereby causing the company being unable to pay the benefits as they fall due in the short term. Such a situation could be the result of holding large illiquid assets disregarding the results of cash-flow projections and cash outgo inflow mismatch. (Or it could be due to insufficient assets/cash.)

Future salary increase risk: The Scheme cost is very sensitive to the assumed future salary escalation rates for all final salary defined benefit Schemes. If actual future salary escalations are higher than that assumed in the valuation actual Scheme cost and hence the value of the liability will be higher than that estimated.

Notes
to the Consolidated Financial Statements (Continued)

Note 40: Employee benefits (Contd.)

Regulatory risk: Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of ₹ 20,00,000, raising accrual rate from 15/26 etc.)

iii. Other long-term benefits

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the Statement of profit and loss for compensated absences is as under-

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Amount recognised in statement of profit and loss		
Compensated absences	378.45	328.55

Note 41: Leases

A. Lease as lessee

The Company has taken on lease a number of offices under operating leases. The leases typically run for a period of 3 - 9 years, with an option to renew the lease after that period. Lease payments are renegotiated on regular intervals to reflect market rentals.

i. Future minimum lease payments

At year end, the future minimum lease payments to be made under non-cancellable operating leases are as follows:

(₹ in Lacs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Payable in less than one year	387.77	410.22
Payable between one and five years	52.29	414.21
Payable after more than five years	-	-

ii. Amounts recognised in statement of profit or loss

(₹ in Lacs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Lease expense – minimum lease payments		
Non cancellable	425.94	403.25
Cancellable	1,818.62	1,853.71
	2,244.56	**2,256.96**
Less: Cost allocated to joint ventures	-	199.27
Recognised in statement of profit and loss	**2,244.56**	**2,057.69**

B. Lease in the capacity of Lessor

Future minimum lease payments

At year end, the future minimum lease receivables under operating leases are as follows:

(₹ in Lacs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Receivable in less than one year	3,151.28	2,814.23
Receivable between one and five years	4,761.13	4,562.78
Receivable after more than five years	5.72	8.89

Notes
to the Consolidated Financial Statements (Continued)

Note 42: Earnings per share (EPS)

Particulars		Units Nos	Year ended 31 March 2019	Year ended 31 March 2018
a)	(i) Weighted average number of equity shares for basic EPS	Nos	268,324,253	236,981,217
	(ii) Effect of potential ordinary equity shares on yee stock options	Nos	436,049	635,585
	(iii) Weighted average number of equity shares for diluted EPS	Nos	268,760,302	237,616,802
b)	Net profit after tax	₹ in Lacs	30,400.63	23,688.77
c)	(i) Net profit for equity shareholders for basic EPS	₹ in Lacs	30,400.63	23,688.77
	(ii) Net profit for equity shareholders for diluted EPS	₹ in Lacs	30,400.63	23,688.77
d)	(i) Earnings per share (Face value of ₹ 2/- per share) – basic	₹	11.33	10.00
	(ii) Earnings per share (Face value of ₹ 2/- per share) – diluted	₹	11.31	9.97

Note 43: Share-based payments

A Description of share-based payment arrangements

The company instituted the Magma Employee Stock Option Plan (MESOP) in 2008 and Magma Restricted Stock Option Plan 2014 (MRSOP) in 2004, which were approved by the Board of Directors and the shareholders of the Company.

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 within 3 years from the date of vesting. 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 1,605,083 options (31 March 2018: 5,15,000 options) under MESOP 2007 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

MRSOP, 2014

Under MRSOP, the Company provided for the creation and issue of 5,000,000 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 generally will vest in a graded manner and are exercisable within 3 years from the date of vesting.

During the year, the Nomination and Remuneration Committee of the Board of Directors has granted 3,00,000 options (31 March 2018: 3,00,000 options) under MRSOP 2014 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

B Measurement of fair values

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option of Magma Fincorp Limited was ₹ 79.02 (31 March 2018: ₹ 78.84).

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Particulars	Units	31 March 2019	31 March 2018	1 April 2017
Fair value at grant date	₹	43.72 - 146.98	43.72 - 93.86	29.35 - 93.86
Share price at grant date	₹	79.80 - 165.30	79.80 - 165.30	56.85 - 108.00
Exercise price	₹	2.00 - 120.00	2.00 - 120.00	2.00 - 60.00
Expected volatility (weighted average volatility)	%	39.83 - 49.99	42.00 - 49.99	42.00 - 58.13
Expected life (expected weighted average life)	years	2.38 - 5.21	3.84 - 5.21	4.42 - 4.80
Expected dividends	%	0.48 - 1.02	0.48 - 1.02	0.61 - 1.06
Risk-free interest rate (based on government bonds)	%	6.80 - 8.06	6.80 - 7.82	6.92 - 8.35

Notes
to the Consolidated Financial Statements (Continued)

Note 43: Share-based payments (Contd.)

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

C Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option plans were as follows:

MESOP, 2007

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Number of share options	Wtd. Avg. price (₹)	Number of share options	Wtd. Avg. price (₹)
Outstanding options at the beginning of the year	660,000	88.64	214,000	60.00
Add: Granted during the year	1,605,083	87.58	515,000	96.70
Less: Exercised during the year	37,500	60.00	69,000	60.00
Less: Lapsed/forfeited during the year	332,273	73.10	-	-
Outstanding options at the end of the year	**1,895,310**	**91.03**	**660,000**	**88.64**
Options vested and exercisable at the end of the year	45,000	82.22	10,000	60.00

The options outstanding at 31 March 2019 have an exercise price in the range of ₹ 2 to ₹ 120 (31 March 2018: ₹ 60 to ₹ 120) and a weighted average remaining contractual life of 1.2 years (31 March 2018: 2.5 years).

The weighted average share price at the date of exercise for share options exercised in 2018-19 was ₹ 110.06 (2017-18: ₹ 158.86).

MESOP, 2014

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Number of share options	Wtd. Avg. price (₹)	Number of share options	Wtd. Avg. price (₹)
Outstanding options at the beginning of the year	510,000	59.65	320,000	2.00
Add: Granted during the year	300,000	100.00	300,000	100.00
Less: Exercised during the year	-	-	-	-
Less: Lapsed/forfeited during the year	210,000	2.00	110,000	2.00
Outstanding options at the end of the year	**600,000**	**100.00**	**510,000**	**59.65**
Options vested and exercisable at the end of the year				

The options outstanding at 31 March 2019 have an exercise price of ₹ 100 (31 March 2018: ₹ 2.00 to ₹ 100) and a weighted average remaining contractual life of 2.09 years (31 March 2018: 1.85 years).

No share options were exercised during the year FY 18-19 and FY 17-18.

D Equity shares reserved for issue under options

(₹ in Lacs)

Particulars	No. of options granted	Exercise price (₹)	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
			No. of options	Amount	No. of options	Amount	No. of options	Amount
Under MESOP 2007:								
Tranche II	250,000	60.00	-	-	-	-	40,000	0.80
Tranche V	150,000	60.00	-	-	-	-	14,000	0.28
Tranche VI	50,000	60.00	20,000	0.40	20,000	0.40	35,000	0.70
Tranche XI	125,000	60.00	-	-	125,000	2.50	125,000	2.50
Tranche XII	125,000	60.00	-	-	125,000	2.50	-	-
Tranche XIII	225,000	100.00	225,000	4.50	225,000	4.50	-	-

Note 43: Share-based payments (Contd.)

(₹ in Lacs)

Particulars	No. of options granted	Exercise price (₹)	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
			No. of options	Amount	No. of options	Amount	No. of options	Amount
Tranche XIV	90,000	120.00	90,000	1.80	90,000	1.80	-	-
Tranche XV	75,000	120.00	75,000	1.50	75,000	1.50	-	-
Tranche XVI A	726,083	120.00	630,310	12.61	-	-	-	-
Tranche XVI B	322,000	2.00	308,000	6.16	-	-	-	-
Tranche XVII	8,000	2.00	4,000	0.08	-	-	-	-
Tranche XVIII	6,000	2.00	6,000	0.12	-	-	-	-
Tranche XIX	60,000	100.00	60,000	1.20	-	-	-	-
Tranche XX	30,000	120.00	30,000	0.60	-	-	-	-
Tranche XXI	100,000	120.00	100,000	2.00	-	-	-	-
Tranche XXII	44,000	2.00	38,000	0.76	-	-	-	-
Tranche XXIII	9,000	120.00	9,000	0.18	-	-	-	-
Tranche XXIV A	125,000	100.00	125,000	2.50	-	-	-	-
Tranche XXIV B	175,000	100.00	175,000	3.50	-	-	-	-
Under MRSOP 2014:								
Tranche I (A)	650,000	2.00	-	-	210,000	4.20	320,000	6.40
Tranche I (C)	300,000	100.00	300,000	6.00	300,000	6.00	-	-
Tranche I (D)	300,000	100.00	300,000	6.00	-	-	-	-

Share Based Payments by Subsidiary (Magma Housing Finance Limited)

A Description of share-based payment arrangements

The company instituted the Magma Housing Finance Limited - Employee Stock Option Plan (MESOP) in 2018 and Magma Housing Finance - Restricted Stock Option Plan 2018 (MHRSO) in 2018, which were approved by the Board of Directors.

Pursuant to a resolution passed by the members holding Equity shares vide Extra Ordinary General Meeting held on 31.03.2018, the Company has approved the Employee Stock Option Plan-2018 (MHFL ESOP 2018). The members has approved the grant of 345,755 options, which can be granted to eligible employees of the Company in 3 tranches. The options shall vest in three equal instalments every year, after expiry of one year from the date of grant of option. The Options are not yet due for vesting, hence no allotment made during the year. Further, pursuant to a resolution passed by the members holding Equity shares vide Extra Ordinary General Meeting held on 24.10.2018, the Company has approved the Restricted Stock Option Plan-2018 (MHRSO 2018). The members has approved the grant of 2,960,000 options granted to eligible employee of the Company. The options shall vest in three equal instalments every year, after expiry of one year from the date of grant of option. The Options are not yet due for vesting, hence no allotment made during the year.

Particulars	MHFL ESOP 2018	MHRSO 2018
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme.	The vesting conditions are linked to profitability.
Vesting period	30% of the options shall vest on the expiry of one year from the date of the Grant 30% of the options shall vest on the expiry of two year from the date of the Grant 40% of the options shall vest on the expiry of three year from the date of the Grant.	The RSO as granted will vest in 3 tranches i.e. 14,80,000 units to be vested at the end of 3rd year from the date of joining and balance i.e. 14,80,000 units at the end of 5th year from the date of joining. The vesting of the RSO options is subject to achievement of specific targets.

Notes
to the Consolidated Financial Statements (Continued)

Note 43: Share-based payments (Contd.)

B Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option plans were as follows:

MESOP, 2018

(₹ in Lacs)

Particulars	Year ended 31 March 2019 No. of options	Year ended 31 March 2018 No. of options
Outstanding options at the beginning of the year	-	-
Granted during the year	345,755	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired/ lapsed during the year	50,853	-
Outstanding options at the end of the year	294,902	-
Exercisable at the end of the year	-	-

The options outstanding at 31 March 2019 have an exercise price of ₹ 24.25(31 March 2018: NIL) and a weighted average remaining contractual life of 2 years (31 March 2018: NIL years)

Particulars	ESOP 2018
Date of grant	2 April, 2018, 13 August, 2018 and 22 January, 2019
Date of Board Meeting, where ESOP were approved	2 April, 2018, 13 August, 2018 and 22 January, 2019
Date of Committee Meeting where grant of options were approved	2 April, 2018, 13 August, 2018 and 22 January, 2019
No. of options granted	345,755
Method of settlement	Equity
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme.
Vesting period	30% of the options shall vest on the expiry of one year from the date of the Grant
	30% of the options shall vest on the expiry of two year from the date of the Grant
	40% of the options shall vest on the expiry of three year from the date of the Grant
Exercise period	Maximum exercise period shall not exceed 3 years from vesting date.

MHRSO, 2018

Particulars	Year ended 31 March 2019 No. of options	Year ended 31 March 2018 No. of options
Outstanding options at the beginning of the year	-	-
Granted during the year	2,960,000	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired/ lapsed during the year	-	-
Outstanding options at the end of the year	2,960,000	-
Exercisable at the end of the year	-	-

The options outstanding at 31 March 2019 have an exercise price of ₹ 10 (31 March 2018: NIL) and a weighted average remaining contractual life of 2 years (31 March, 2018: NIL years)

(i) There are no identified employees who were granted ESOP, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

(ii) There is 1 identified employee who was granted RSO, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

Note 43: Share-based payments (Contd.)

C The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model" and the inputs used in the measurement of the grant-date fair values are as follows:

(₹)

Particulars	MHFL ESOP 2018			MHRSO 2018
	Tranche 1	Tranche 2	Tranche 3	Tranche 1
Fair market value of option on the date of grant	19.72	19.72	16.33	16.33
Exercise price	24.25	24.25	24.25	10
Expected volatility (%)	39.85%	39.85%	42.69%	42.69%
Expected forfeiture percentage on each vesting date	-	-	-	-
Expected option life (weighted average)	2.00	2.00	2.00	2.00
Expected dividends yield	-	-	-	-
Risk free interest rate	6.85%	6.85%	7.70%	7.70%

The expected volatility was determined based on historical volatility data of the listed peer Company's shares for the said period.

Company has recognised expense from option plan of ₹ 111.33 lacs (March 31, 2018: NIL) during the year as proportionate cost.

D Equity shares reserved for issue under options

(₹ in Lacs)

Particulars	No. of options granted	Exercise price (₹)	As at 31 March 2019	
			No. of options	Amount
Under MESOP 2018:				
Tranche 1	147,748	24.25	96,895	1.94
Tranche 2	205,755	24.25	205,755	4.12
Tranche 3	345,755	24.25	345,755	6.92
Under MHRSO 2018:				
Tranche I	2,960,000	10.00	2,960,000	59.20

Notes
to the Consolidated Financial Statements (Continued)

Note 44 Related parties

(i) Name of related parties and description of relationship:

A	Joint Venture
	Magma HDI General Insurance Company Limited
	Jaguar Advisory Services Private Limited

B	Key Managerial Personnel ('KMP') and their Relatives	Nature of Relationship
	Mr. Mayank Poddar	Whole Time Director
	Mr. Sanjay Chamria	Vice Chairman and Managing Director
	Mr. Kailash Baheti	Chief Financial Officer
	Mrs. Shabnum Zaman	Company Secretary
	Mr. Harshvardhan Chamria	Relative of Key Managerial Personnel

C	Directors	Nature of Relationship
	Mr. Narayan K Seshadri	Chairman and Independent Director
	Mr. Sanjay Nayar	Director (upto 19 April 2018)
	Mr. Satyabrata Ganguly	Independent Director
	Mr. Nabankur Gupta	Independent Director (upto 7 December 2018)
	Ms. Madhumita Dutta-Sen	Director (w.e.f. 29 August 2017)
	Mr. V K Viswanathan	Independent Director
	Mrs. Ritva Kaarina Laukkanen	Director (upto 15 May 2017)

D	Private Company / Firm in which KMP / Director or his relative is Member or Director
	Celica Developers Private Limited
	Experian Credit Information Company of India Private Limited
	Microfirm Capital Private Limited
	CLP Business LLP

(ii) Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:

(₹ in Lacs)

	Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2019	Outstanding amount as at 31 March 2019	Transaction value for the year ended 31 March 2018	Outstanding amount as at 31 March 2018	Outstanding amount as at 1 April 2017
A)	**Joint Venture**						
1	Magma HDI General Insurance Company Limited	Investment in equity shares	-	8,267.87	-	6,300.00	6,300.00
		Purchase of equity shares	2,055.56	-	-	-	-
		Short-term loans and advances given	21,809.25	965.87	18,282.88	612.12	749.77
		Adjustments of short-term loans and advances given	493.00	-	156.95	-	-
		Refund of short-term loans and advances given	20,962.50	-	18,263.58	-	-
		Cost allocation made*	-	-	924.83	-	-
		Claims Received	10.42	-	-	-	-
		Insurance commission income	1,730.64	125.01	1,289.36	90.21	28.13
		Insurance premium paid	16.98	-	13.53	-	-
		Sale of fixed asset	-	-	87.40	-	-
2	Jaguar Advisory Services Private Limited	Investment in equity shares	-	2.20	-	2.20	2.20

Notes
to the Consolidated Financial Statements (Continued)

Note 44 Related parties (Contd.)

(₹ in Lacs)

	Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2019	Outstanding amount as at 31 March 2019	Transaction value for the year ended 31 March 2018	Outstanding amount as at 31 March 2018	Outstanding amount as at 1 April 2017
B)	**Private Company in which director is member or director**						
1	Celica Developers Private Limited	Advances given #	-	159.55	-	155.34	155.98
		Prepaid rent #	-	3.33	-	7.12	5.23
		Rent expense	253.30	-	251.69	-	-
		Equity dividend paid	235.48	-	235.48	-	-
2	Experian Credit Information Company of India Private Limited	Annual subscription	-	-	0.06	-	-
		Professional fees	-	-	39.49	-	-
		Capital work-in-progress			69.00	-	-
3	Microfirm Capital Pvt Ltd.	Equity dividend paid	272.13	-	272.13	-	-
4	CLP Business LLP	Rent Expense	15.22	-	11.42	-	-
		Security deposit given	-	6.45	6.45	6.45	-
C)	**Key management personnel**						
1	Mr. Mayank Poddar	Director's remuneration	168.40	-	150.00	-	-
2	Mr. Sanjay Chamria	Director's remuneration	224.40	-	200.00	-	-
		Provision for commission	270.00	270.00	230.00	230.00	-
3	Mr. Kailash Baheti	Salary	221.58	-	246.82	-	-
		Amount received against exercise of ESOP	-	-	18.00	-	-
4	Mrs. Shabnum Zaman	Salary	26.95	-	22.33	-	-
D)	**Directors**						
1	Mr. Narayan K Seshadri	Sitting fees	20.10	-	17.30	-	-
		Commission	65.00	65.00	65.00	65.00	-
2	Mr. Nabankur Gupta	Sitting fees	8.00	-	16.20	-	-
		Commission	22.50	22.50	45.00	45.00	-
3	Mr. Satya Brata Ganguly	Sitting fees	18.10	-	24.50	-	-
		Commission	45.00	45.00	45.00	45.00	-
4	Mr. V K Viswanathan	Sitting fees	21.00	-	19.20	-	-
		Commission	45.00	45.00	45.00	45.00	-
5	Mrs. Madhumita Dutta Sen	Sitting fees	4.00	-	2.00	-	-
6	Mr. Sanjay Nayar	Sitting fees	-	-	3.00	-	-
7	Mrs. Ritva Kaarina Laukkanen	Sitting fees	-	-	2.00	-	-
E)	**Relatives of Directors**						
	Mr. Harshvardhan Chamria	Salary	89.32		90.66		

Related parties identified includes related parties as per section 2(76) of the Companies Act, 2013.

Transactions with related parties have been identified on the basis of related party transactions disclosed in financial statement of the respective subsidiary.

*represents expenses recovered towards infrastructural support, operational assistance and other services.

includes the impact of fair valuation of security deposits.

Notes
to the Consolidated Financial Statements (Continued)

Note 44 Related parties (Contd.)
(iii) Compensation of key managerial personnel

(₹ in Lacs)

	Year ended 31 March 2019	Year ended 31 March 2018
Short-term employee benefits	900.01	839.50
Post-employment defined benefit *	11.32	9.65
Share-based payments	-	18.00
	911.33	**867.15**

*Excludes provision for encashable leave and gratuity for certain key management personnel as these are determined for the Company as a whole.

Terms and conditions

All transactions with these related parties are priced on an arm's length basis. Outstanding amount as at the end of the year, in respect of loan and advances are unsecured and to be settled in cash and / or adjusted against goods or services.

Note 45: Contingent liabilities and commitments
1) Contingent liabilities and commitments (to the extent not provided for)

a) Contingent liabilities

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Claims against the Company not acknowledged as debt			
i) Income tax matters under dispute	235.76	265.52	295.12
ii) VAT matters under dispute	1,129.51	321.46	240.49
iii) Service tax matters under dispute	512.01	471.65	464.50
iv) Legal cases against the Company *	198.62	123.96	116.32

* 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. Future cash outflows in respect of the above, if any, is determinable only on receipt of judgement / decisions pending with the relevant authorities.

b) Commitments

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i) Estimated amount of contracts remaining to be executed on capital account and ot provided for	1,033.98	910.14	872.71
(ii) Undisbursed housing/other loans	12,850.15	1,257.86	3,747.15

c) The amount included above represents best possible estimate arrived at on the basis of available information. The Management believes that it has a reasonable case in its defense of the proceedings and accordingly no further provision has been created.

d) The Group has a process whereby periodically all long term contracts are assessed for material foreseeable losses. As at year end, the Company does not have any long term contracts (including derivative contracts) for which there were material foreseeable losses.

The Group has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements.

Notes
to the Consolidated Financial Statements (Continued)

Note 45 Contingent liabilities and commitments (Contd.)

2) Others

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 against which ₹ 404 lacs was paid and charged to the statement of profit and loss in earlier years. Both, the Company and the Department had gone into appeal in CESTAT against the order. Finally, in July 2017, order has been passed by Calcutta High Court where in Company's appeal has been allowed except for ₹ 93 lacs. Accordingly, the Company has filed application seeking refund of balance amount of ₹ 311 lacs from Department and is following up the same from the Department.

b) 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 High Court of Calcutta. The writ petition was dismissed by the Hon'ble High Court of Calcutta. The Company has filed an appeal against the order in the Division Bench of the Hon'ble High Court of Calcutta which has been admitted and next hearing is awaited. However, basis prudence, the Company has recorded a provision for the same amounting to ₹ 397.38 lacs during the year.

c) On February 28, 2019, the Supreme Court of India held that allowances paid by establishments to its employees which meet the test of universality should be considered as 'basic wages' while computing provident fund amounts for employees whose basic wages is less than statutory thresholds. The petitioners have filed a review petition against the Order. Basis legal consultation, the Management has been advised that there are interpretative challenges on the application of the aforesaid judgement. On evaluation of the impact of the aforesaid judgement, the Management is of the view that no material additional liability would arise on account of the same in the current financial year.

Note 46 Interest in other entities

a. Subsidiaries

The group's subsidiaries at 31 March 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of the subsidiary company	Place of business/ country of incorporation	Ownership interest held by the group (in %)			Ownership interest held by non-controlling interests (in %)			Principal activities
		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	
Magma Housing Finance Limited (MHFL)	India	100.00	100.00	100.00	-	-	-	Housing Finance.

Notes
to the Consolidated Financial Statements (Continued)

Note 46 Interest in other entities (Contd.)

b. Interests in joint ventures

The joint ventures listed below have share capital consisting solely of equity shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The below joint ventures are by the virtue of contractual agreement.

(₹ in Lacs)

Name of the subsidiary company	Place of business/ country of incorporation	Relationship	Accounting method	Ownership interest held by the group (in %)			Carrying value			Principal activities
				As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	
Jaguar Advisory Services Private Limited (JASPL)	India	Joint venture	Equity method	48.89	48.89	48.89	4,728.28	4,380.14	4,251.86	Manpower and Advisory Services
Magma HDI General Insurance Company Limited (MHDI)	India	Joint venture	Equity method	31.92	31.33	31.33	9,385.22	7,362.62	7,564.92	Insurance Services

Both the joint venture companies are unlisted and hence no quoted price is available. Accordingly fair values for the same are not disclosed.

(i) Summarised financial information for joint ventures

(₹ in Lacs)

Particulars	Jaguar Advisory Services Private Limited (JASPL)			Magma HDI General Insurance Company Limited (MHDI)		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Current assets	18.34	17.60	20.23	59,351.49	39,019.84	26,748.86
Non-current assets	9,768.92	9,275.84	8,987.95	193,971.57	124,797.30	101,877.08
Current liabilities	0.27	0.58	4.23	70,666.24	50,088.04	42,508.83
Non-current liabilities	115.31	333.52	307.01	146,483.78	90,231.36	61,973.73
Net assets	**9,671.68**	**8,959.34**	**8,696.94**	**36,173.04**	**23,497.74**	**24,143.38**

(ii) Reconciliation to carrying amounts

(₹ in Lacs)

Particulars	Jaguar Advisory Services Private Limited (JASPL)			Magma HDI General Insurance Company Limited (MHDI)		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Closing net assets*	9,671.68	8,959.34	8,696.94	28,673.04	23,497.74	24,143.38
Group's share (in ₹ lacs)	4,728.28	4,380.14	4,251.86	8,931.39	7,362.62	7,564.92
Goodwill and other adjustments	-	-	-	453.83	-	-
Carrying amount	**4,728.28**	**4,380.14**	**4,251.86**	**9,385.22**	**7,362.62**	**7,564.92**

*Excludes share application money pending allotment.

Notes
to the Consolidated Financial Statements (Continued)

(iii) Summarised statement of profit and loss

(₹ in Lacs)

Particulars	Jaguar Advisory Services Private Limited (JASPL)		Magma HDI General Insurance Company Limited (MHDI)	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Total revenue	29.10	37.09	129,433.78	80,481.08
Other income	0.03	0.05	104.76	64.45
Finance cost	0.02	0.02	-	-
Depreciation and amortisation	-	-	560.49	327.06
Other operating expense	28.06	35.76	129,819.06	79,675.31
Share of profit of equity-accounted investee	24.77	85.51	-	-
Income tax expense/(income)	(29.39)	(21.24)	(969.63)	115.58
Profit for the year	**55.21**	**108.11**	**128.62**	**427.58**
Other comprehensive income/(loss)	657.14	154.29	46.68	(1,073.21)
Total comprehensive income/(loss)	**712.35**	**262.40**	**175.30**	**(645.63)**

Note 47 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 for the year ended 31 March 2019:

(₹ in Lacs)

Particulars	Magma Housing Finance Limited
Share capital	14,810.25
Other equity	19,275.75
Total assets	196,279.02
Total liabilities	162,193.02
Investments	-
Turnover / total income	24,676.71
Profit before taxation	4,700.28
Provision for taxation	1,298.77
Profit after taxation	3,401.51
Dividend (including tax thereon)	-
% of shareholding	100%

(b) Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to joint ventures as at 31 March 2019:

	Name of joint ventures		Jaguar Advisory Services Private Limited	Magma HDI General Insurance Company Limited
1	Shares of joint ventures held by the Company on the year end			
	No. of shares	Nos.	11,000.00	39,898,281.00
	Amount of investment in joint ventures	₹ in lacs	4,728.28	9,385.22
	Extend of holding	%	48.89%	31.92%
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	4,726.08	1,117.35
4	Profit for the year			
	i. Considered in consolidation	₹ in lacs	26.86	39.56
	ii. Not considered in consolidation	₹ in lacs	28.35	89.06

Notes
to the Consolidated Financial Statements (Continued)

Note 47 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: (Contd.)

(c) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

(₹ in Lacs)

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
Magma Fincorp Limited	93.15	255,580.13	90.50	27,512.87	36.70	(182.29)	91.40	27,330.58
Subsidiary								
-Indian								
Magma Housing Finance Limited (MHFL)	12.42	34,086.00	11.19	3,401.51	131.04	(650.86)	9.20	2,750.65
Joint Ventures (as per the equity method)								
-Indian								
Magma HDI General Insurance Company Limited (MHDI) *	0.41	1,117.35	0.13	39.46	(3.05)	15.15	0.18	54.61
Jaguar Advisory Services Private Limited (JASPL)	1.72	4,726.08	0.09	26.96	(64.69)	321.31	1.16	348.27
Total Eliminations/ Consolidation Adjustments	(7.70)	(21,120.77)	(1.91)	(580.17)	0.00	(0.01)	(1.94)	(580.18)
	100.00	**274,388.79**	**100.00**	**30,400.63**	**100.00**	**(496.70)**	**100.00**	**29,903.93**

* Weighted average holding percentage has been used.

(d) The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

Note 48: Transfers of financial assets

In the ordinary course of business, the Company enters into transactions that result in the transfer of financial assets. In accordance with the accounting policy set out in Note 2, the transferred financial assets continue to be recognised or derecognised as per the conditions specified in Ind AS.

The Company transfers financial assets that are not derecognised in their entirety are primarily through securitisation transactions, in which loans to customers are transferred to securitisation special purpose vehicles.

A. Transferred financial assets that are not derecognised in their entirety

Securitisation

Certain loans to customers are sold by the Company to securitisation special purpose vehicles, which in turn issue Pass Through Certificates ('PTC') to investors collateralised by the purchased assets. In securitisation transactions entered, the Company transfers loans to an unconsolidated securitisation vehicle, however it retains credit risk (principally by providing credit enhancement). The Company retains substantial risks and rewards of such loan transferred and accordingly, does not derecognise the loans transferred in its entirety and recognises an associated liability for the consideration received.

The following table sets out the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(₹ in Lacs)

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
	Loans to customers	Loans to customers
As at 31 March 2019		
Assets		
Securitisation	4,734.56	346,404.73
Carrying amount of assets	**4,734.56**	**346,404.73**
Associated liabilities		
Loans from PTC Investors	4,935.67	344,888.69
Carrying amount of associated liabilities	**4,935.67**	**344,888.69**
For those liabilities that have recourse only to the transferred financial assets		
Assets		
Securitisation	4,726.60	350,413.44
Fair value of assets	**4,726.60**	**350,413.44**
Associated liabilities		
Loans from PTC Investors	4,935.67	342,697.52
Fair value of associated liabilities	**4,935.67**	**342,697.52**

(₹ in Lacs)

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
	Loans to customers	Loans to customers
As at 31 March 2018		
Assets		
Securitisation	-	239,407.08
Carrying amount of assets	**-**	**239,407.08**
Associated liabilities		
Loans from PTC Investors	-	244,675.97
Carrying amount of associated liabilities	**-**	**244,675.97**
For those liabilities that have recourse only to the transferred financial assets		
Assets		
Securitisation	-	245,274.32
Fair value of assets	**-**	**245,274.32**

Notes
to the Consolidated Financial Statements (Continued)

Note 48: Transfers of financial assets (Contd.)

(₹ in Lacs)

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
	Loans to customers	Loans to customers
Associated liabilities		
Loans from PTC Investors	-	244,912.98
Fair value of associated liabilities	**-**	**244,912.98**

(₹ in Lacs)

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
	Loans to customers	Loans to customers
As at 1 April 2017		
Assets		
Securitisation	-	243,927.59
Carrying amount of assets	**-**	**243,927.59**
Associated liabilities		
Loans from PTC Investors	-	245,230.38
Carrying amount of associated liabilities	**-**	**245,230.38**
For those liabilities that have recourse only to the transferred financial assets		
Assets		
Securitisation	-	247,020.88
Fair value of assets	**-**	**247,020.88**
Associated liabilities		
Loans from PTC Investors	-	246,135.83
Fair value of associated liabilities	**-**	**246,135.83**

Note 49 : Financial instruments - fair value and risk management

A. Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

(₹ in Lacs)

Particulars	As at 31 March 2019			
	Others	FVTPL	FVTOCI	Amortised cost
Financial assets:				
Cash and cash equivalents	-	-	-	57,098.21
Bank balance other than cash and cash equivalents	-	-	-	38,586.29
Receivables	-	-	-	1,096.98
Loans	-	-	298,386.38	1,202,276.91
Other investments	-	0.99	-	0.16
Investments in joint venture	14,113.50	-	-	-
Other financial assets	-	5,845.79	-	12,765.78
	14,113.50	**5,846.78**	**298,386.38**	**1,311,824.33**
Financial liabilities:				
Derivative financial instruments	-	-	-	-
Trade payables	-	-	-	36,966.00
Debt securities	-	-	-	49,250.44
Borrowings (other than debt securities)	-	-	-	1,162,730.49
Subordinated liabilities	-	-	-	101,330.04
Other financial liabilities	-	-	-	44,664.46
	-	**-**	**-**	**1,394,941.43**

Note 49 : Financial instruments - fair value and risk management (Contd.)

(₹ in Lacs)

Particulars	As at 31 March 2018			
	Others	FVTPL	FVTOCI	Amortised cost
Financial assets:				
Cash and cash equivalents	-	-	-	10,160.01
Bank balance other than cash and cash equivalents	-	-	-	30,509.64
Receivables	-	-		371.89
Loans	-	-	131,951.20	1,225,091.24
Other investments	-	2,283.27	-	0.16
Investments in joint venture	11,742.76	-	-	-
Other financial assets	-	7,924.60	-	12,032.55
	11,742.76	**10,207.87**	**131,951.20**	**1,278,165.49**
Financial liabilities:				
Derivative financial instruments	-	59.57	-	-
Trade payables	-	-	-	32,238.06
Debt securities	-	-	-	34,688.13
Borrowings (other than debt securities)	-	-	-	1,075,753.25
Subordinated liabilities	-	-	-	102,223.97
Other financial liabilities	-	-	-	36,663.65
	-	**59.57**	**-**	**1,281,567.06**

(₹ in Lacs)

Particulars	As at 1 April 2017			
	Others	FVTPL	FVTOCI	Amortised cost
Financial assets:				
Cash and cash equivalents	-	-	-	13,468.99
Bank balance other than cash and cash equivalents	-	-	-	28,397.74
Receivables	-	-	-	686.49
Loans	-	-	145,192.18	1,219,517.14
Other investments	-	1,571.73	-	0.16
Investments in joint venture	11,816.78	-	-	-
Other financial assets	-	8,641.93	-	13,278.12
	11,816.78	**10,213.66**	**145,192.18**	**1,275,348.64**
Financial liabilities:				
Derivative financial instruments	-	-	-	-
Trade payables	-	-	-	21,917.05
Debt securities	-	-	-	64,239.17
Borrowings (other than debt securities)	-	-	-	1,073,904.60
Subordinated liabilities	-	-	-	110,518.76
Other financial liabilities	-	-	-	39,908.83
	-	**-**	**-**	**1,310,488.41**

Notes
to the Consolidated Financial Statements (Continued)

Note 49 : Financial instruments - fair value and risk management (Contd.)

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:
(a) recognised and measured at fair value and
(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Lacs)

As at 31 March 2019	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans	-	-	298,386.38	298,386.38
Other investments	-	0.99	-	0.99
Other financial assets	-	5,845.79	-	-
	-	**5,846.78**	**298,386.38**	**298,387.37**
Financial liabilities:				
Derivative financial instruments	-	-	-	-
	-	**-**	**-**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

(₹ in Lacs)

As at 31 March 2019	Amortised cost	Fair value	Level 1	Level 2	Level 3	Total
Financial assets:						
Bank balance other than cash and cash equivalents	38,586.29	38,588.00	-	38,588.00	-	38,588.00
Loans	1,202,276.91	1,216,256.70	-	-	1,216,256.70	1,216,256.70
Other investments	0.16	0.16	-	0.16	-	0.16
Other financial assets	12,765.78	12,765.78	-	12,765.78	-	12,765.78
	1,253,629.14	**1,267,610.64**	**-**	**51,353.94**	**1,216,256.70**	**1,267,610.64**
Financial liabilities:						
Debt securities	49,250.44	49,017.08	-	49,017.08	-	147,284.60
Borrowings (other than debt securities)	1,162,730.49	1,160,846.69	-	1,160,846.69	-	3,484,423.87
Subordinated liabilities	101,330.04	102,596.71	-	102,596.71	-	306,523.46
Other financial liabilities	44,664.46	44,664.46	-	44,664.46	-	133,993.38
	1,357,975.43	**1,357,124.94**	**-**	**1,357,124.94**	**-**	**4,072,225.31**

Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Lacs)

As at 31 March 2018	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans	-	-	131,951.20	131,951.20
Other investments	-	2,283.27	-	2,283.27
Other financial assets	-	7,924.60	-	7,924.60
	-	**10,207.87**	**131,951.20**	**142,159.07**
Financial liabilities:				
Derivative financial instruments	-	59.57	-	59.57
	-	**59.57**	**-**	**59.57**

Notes
to the Consolidated Financial Statements (Continued)

Note 49 : Financial instruments - fair value and risk management (Contd.)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

(₹ in Lacs)

As at 31 March 2018	Amortised cost	Fair value	Level 1	Level 2	Level 3	Total
Financial assets:						
Bank balance other than cash and cash equivalents	30,509.64	30,497.57	-	30,497.57	-	30,497.57
Loans	1,225,091.24	1,245,418.88	-	-	1,245,418.88	1,245,418.88
Other investments	0.16	0.16	-	0.16	-	0.16
Other financial assets	12,032.55	12,032.55	-	12,032.55	-	12,032.55
	1,267,633.59	**1,287,949.16**	**-**	**42,530.28**	**1,245,418.88**	**1,287,949.16**
Financial liabilities:						
Debt securities	34,688.13	35,312.71	-	35,312.71	-	35,312.71
Borrowings (other than debt securities)	1,075,753.25	1,075,993.58	-	1,075,993.58	-	1,075,993.58
Subordinated liabilities	102,223.97	108,320.17	-	108,320.17	-	108,320.17
Other financial liabilities	36,663.65	36,663.65	-	36,663.65	-	36,663.65
	1,249,329.00	**1,256,290.11**	**-**	**1,256,290.11**	**-**	**1,256,290.11**

Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Lacs)

As at 1 April 2017	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans	-	-	145,192.18	145,192.18
Other investments	-	1,571.73	-	1,571.73
Other financial assets	-	8,641.93	-	8,641.93
	-	**10,213.66**	**145,192.18**	**155,405.84**
Financial liabilities:				
Derivative financial instruments	-	-	-	-
	-	**-**	**-**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

(₹ in Lacs)

As at 1 April 2017	Amortised cost	Fair value	Level 1	Level 2	Level 3	Total
Financial assets:						
Bank balance other than cash and cash equivalents	28,397.74	28,487.93	-	28,487.93	-	28,487.93
Loans	1,219,517.14	1,230,986.72	-	-	1,230,986.72	1,230,986.72
Other investments	0.16	0.16	-	0.16	-	0.16
Other financial assets	13,278.12	14,587.31	-	14,587.31	-	14,587.31
	1,261,193.16	**1,274,062.12**	**-**	**43,075.40**	**1,230,986.72**	**1,274,062.12**
Financial liabilities:						
Debt securities	64,239.17	65,357.72	-	65,357.72	-	65,357.72
Borrowings (other than debt securities)	1,073,904.60	1,074,825.16	-	1,074,825.16	-	1,074,825.16
Subordinated liabilities	110,518.76	117,420.41	-	117,420.41	-	117,420.41
Other financial liabilities	39,908.83	39,908.83	-	39,908.83	-	39,908.83
	1,288,571.36	**1,297,512.12**	**-**	**1,297,512.12**	**-**	**1,297,512.12**

Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximate their fair value. These financial instruments include cash in hand, balances with other banks, receivables, trade payables and certain other financial assets and liabilities, with maturities less than a year from the balance sheet date. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

Notes
to the Consolidated Financial Statements (Continued)

Note 49 : Financial instruments - fair value and risk management (Contd.)

C. Valuation framework

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximise the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Bank develops Level 3 inputs based on the best information available in the circumstances.

Financial instruments measured at fair value and fair value of financial instruments carried at amortised cost

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable
Financial assets and liabilities measured at FVOCI	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	The discount rate is the average lending rate at which the loans are disbursed.	There is an inverse correlation. Higher the discount rate i.e. average lending rate for the disbursed loans, lower the fair value of the assets.
Financial assets measured at FVTPL	Comparable company method (CCM) considering Price/Sales ('P/S') multiple and NAV based method.	Not applicable	Not applicable
Investment	Comparable company method (CCM) considering Price/Sales ('P/S') multiple and NAV based method.	Not applicable	Not applicable
Derivative instruments	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates that reflects the credit risk of various parties.	Not applicable	Not applicable

D. Movement in Level 3 financial instruments measured at fair value

(₹ in Lacs)

Particulars	As at 1 April 2018	Purchase / Origination	Sales / run-off	Transfer into Level 3	Interest income	Other Comprehensive Income	As at 31 March 2019
Financial instruments at FVOCI*	137,893.12	153,769.89	220,668.77	199,068.59	44,543.79	(729.85)	313,876.77

Particulars	As at 1 April 2017	Purchase / Origination	Sales / run-off	Transfer into Level 3	Interest income	Other Comprehensive Income	As at 31 March 2018
Financial instruments at FVOCI*	150,713.66	38,422.05	72,322.55	-	20,456.64	623.32	137,893.12

* The above numbers are gross carrying amount. Refer Note 50

Note 50 : Financial risk management

The Company assumes credit risk, market risk, compliance risk, operational risk and reputational risk in the normal course of it business. This exposes the company to a substantial level of inherent financial risk.

i Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

ii Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's asset on finance;

The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- a breach of contract such as a default or past due event;
- when a borrower becomes 3 months overdue in its contractual payments;

The risk management committee has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc (as applicable).

b) Probability of default (PD)

Days past due (DPD) analysis is the primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by type of product or borrower as well as by DPD. The Company employs statistical models to analyse the data collected and generate estimates of the PD of exposures and how these are expected to change as a result of passage of time.

Expected loss has been calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default was calculated for 3 scenarios: upside (16%), downside (16%) and base (68%). These weightage has been decided on best practices and expert's judgement.

c) Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 3 months overdue on its contractual payments.

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Following indicators are incorporated:

- DPD analysis as on each reporting date
- significant increase in credit risk on other financial instruments of same borrower
- significant changes in value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

d) Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation; To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company determines EADs by modelling the range

Notes
to the Consolidated Financial Statements (Continued)

Note 50 : Financial risk management (Contd.)

of possible exposure outcomes at various points in time, corresponding the multiple scenarios.

e) Loss given default (LGD)
Loss given default (LGD) represents estimated financial loss the company is likely to suffer in respect of default account and it is used to calculate provision requirement on EAD along with PD. The Company uses collection details on previously defaulted cases for calculating LGD including estimated direct cost of collection from default cases. Appropriate discounting rates are applied to calculate present value of future estimated collection net of direct collection cost. LGD thus calculated is used for all stages, i.e. Stage 1, Stage 2 and Stage 3.

f) Discounting
ECL is computed by estimating timing of expected credit shortfalls associated with defaults and discounting them using effective interest rate.

g) Significant increase in credit risk
The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 1 month overdue, the credit risk is deemed to have increased significantly since initial recognition.

The Company has applied a three-stage approach to measure expected credit losses (ECL) on loans and other credit exposures accounted for at amortised cost and FVOCI. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

(a) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognised.

(b) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognised.

(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost.

h) Expected credit loss on Loans
The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, product type, collateral type, and other relevant factors.

The Company considers defaulted assets as those which are contractually 3 months overdue, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually 1 month overdue are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

Forward looking information
In its ECL models, the Company relies on a broad range of forward looking information as macro economic inputs. As required by Ind AS 109, Macro Economic (ME) overlays are required to be factored in ECL Models and accordingly, Company have used agricultural produce and retail inflation as the relevant ME variable. Overtime, new ME variable may emerge to have a better corelation and may replace ME being used now.

Policy on write off of loan assets
Financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised as income in statement of profit or loss.

Notes
to the Consolidated Financial Statements (Continued)

Note 50 : Financial risk management (Contd.)

The following table provides information about the exposure to credit risk and expected credit loss for assets on finance.

Loans measured at amortised cost (Including trade advance, excluding staff loans and EIS receivables)

(₹ in Lacs)

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at 31 March 2019				
Current (not past due)	979,823.52	0.70%	6,811.16	No
Upto 1 month overdue	79,494.48	3.85%	3,059.78	No
More than 1 month and upto 2 months overdue	81,453.08	7.38%	6,009.90	No
More than 2 month and upto 3 months overdue	44,589.84	11.75%	5,237.23	No
More than 3 months overdue	59,565.21	33.74%	20,099.86	Yes
	1,244,926.13	**3.31%**	**41,217.93**	
As at 31 March 2018				
Current (not past due)	960,412.24	1.12%	10,763.19	No
Upto 1 month overdue	90,729.55	5.85%	5,303.96	No
More than 1 month and upto 2 months overdue	70,003.63	9.94%	6,961.02	No
More than 2 month and upto 3 months overdue	85,213.71	15.06%	12,835.53	No
More than 3 months overdue	116,498.46	52.14%	60,743.76	Yes
	1,322,857.59	**7.30%**	**96,607.46**	
As at 1 April 2017				
Current (not past due)	882,417.99	1.15%	10,161.93	No
Upto 1 month overdue	106,710.60	5.83%	6,223.77	No
More than 1 month and upto 2 months overdue	77,290.95	10.15%	7,841.44	No
More than 2 month and upto 3 months overdue	87,050.69	14.72%	12,816.38	No
More than 3 months overdue	158,887.37	34.55%	54,893.57	Yes
	1,312,357.60	**7.01%**	**91,937.09**	

Loans at fair value through OCI

(₹ in Lacs)

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at 31 March 2019				
Current (not past due)	266,006.35	1.43%	3,793.53	No
Upto 1 month overdue	8,997.89	7.83%	704.77	No
More than 1 month and upto 2 months overdue	7,927.73	17.11%	1,356.36	No
More than 2 month and upto 3 months overdue	15,822.64	14.45%	2,287.12	No
More than 3 months overdue	15,122.16	48.59%	7,348.61	Yes
	313,876.77	**4.94%**	**15,490.39**	
As at 31 March 2018				
Current (not past due)	98,415.38	0.51%	501.48	No
Upto 1 month overdue	9,943.26	2.99%	295.97	No
More than 1 month and upto 2 months overdue	7,317.88	8.17%	598.23	No
More than 2 month and upto 3 months overdue	12,416.25	11.96%	1,484.97	No
More than 3 months overdue	9,800.35	31.22%	3,061.27	Yes
	137,893.12	**4.31%**	**5,941.92**	
As at 1 April 2017				
Current (not past due)	110,433.01	0.59%	646.31	No
Upto 1 month overdue	13,078.80	2.97%	384.07	No
More than 1 month and upto 2 months overdue	10,485.45	7.96%	833.35	No
More than 2 month and upto 3 months overdue	6,749.32	12.36%	830.63	No
More than 3 months overdue	9,967.08	28.27%	2,827.12	Yes
	150,713.66	**3.66%**	**5,521.48**	

Notes
to the Consolidated Financial Statements (Continued)

Note 50 : Financial risk management (Contd.)

Expected credit loss on trade receivables and other financial assets
Trade receivables primarily includes receivables against sale of power, support services and operating lease. These receivables are of short term nature and there has been no impairment allowance on the same. Credit risk on excess interest spread receivable is low as it primarily falls in Stage 1. Other financial asset are measured at FVTPL and hence the credit risk is already factored in the fair value.

Cash and cash equivalents and other bank balances
The Company holds cash and cash equivalents and bank balance of ₹ 95,684.59 lacs at 31 March 2019 (31 March 2018: ₹ 40,669.65 lacs; 1 April 2017: ₹ 41,886.73 lacs). The cash and cash equivalents are held with bank and financial institution counterparties with acceptable credit ratings.

Derivatives
The derivatives are entered into with bank and financial institution counterparties with acceptable credit ratings.

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows :

(i) Movements in the gross carrying amount in respect of loans, i.e. asset on finance

Loans measured at amortised cost (Including trade advance, excluding staff loans and EIS receivables)

(₹ in Lacs)

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 1 April 2017	989,128.59	164,341.64	158,887.37
Transfer to Stage 1	31,119.97	(26,729.43)	(4,390.55)
Transfer to Stage 2	(106,112.19)	119,289.70	(13,177.51)
Transfer to Stage 3	(26,675.72)	(31,286.97)	57,962.68
New financial assets originated or purchased	610,018.37	20,608.77	3,105.18
Financial assets that have been derecognised / repaid	(443,240.92)	(88,141.87)	(66,169.53)
Write offs	(3,096.31)	(2,864.50)	(19,719.18)
Gross carrying amount on 31 March 2018	**1,051,141.79**	**155,217.34**	**116,498.46**
Transfer to Stage 1	30,888.50	(28,532.45)	(2,356.05)
Transfer to Stage 2	(90,582.06)	94,207.28	(3,625.23)
Transfer to Stage 3	(18,752.06)	(30,131.37)	48,883.43
Transfer from Amortised cost to Fair value through OCI	(188,302.88)	(3,960.09)	(6,805.62)
New financial assets originated or purchased	672,520.51	18,264.83	2,819.21
Financial assets that have been derecognised / repaid	(394,000.71)	(75,941.54)	(66,638.78)
Write offs	(3,595.09)	(3,081.08)	(29,210.21)
Gross carrying amount on 31 March 2019	**1,059,318.00**	**126,042.92**	**59,565.21**

Loans at fair value through OCI

(₹ in Lacs)

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 1 April 2017	123,511.81	17,234.77	9,967.08
Transfer to Stage 1	5,572.10	(3,991.29)	(1,580.81)
Transfer to Stage 2	(9,445.17)	11,968.14	(2,522.98)
Transfer to Stage 3	(2,952.46)	(2,892.53)	5,844.99
New financial assets originated or purchased	38,043.59	180.93	197.53
Financial assets that have been derecognised / repaid	(46,158.71)	(2,724.03)	(1,671.24)
Write offs	(212.52)	(41.86)	(434.22)
Gross carrying amount on 31 March 2018	**108,358.64**	**19,734.13**	**9,800.35**

Note 50 : Financial risk management (Contd.)

(₹ in Lacs)

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Transfer to Stage 1	5,120.93	(4,489.37)	(631.56)
Transfer to Stage 2	(6,375.33)	7,091.65	(716.33)
Transfer to Stage 3	(6,563.88)	(2,171.44)	8,735.32
Transfer from Amortised cost to Fair value through OCI	188,302.88	3,960.09	6,805.62
New financial assets originated or purchased	146,054.78	7,178.12	536.99
Financial assets that have been derecognised / repaid	(158,846.89)	(7,071.54)	(5,889.98)
Write offs	(1,046.89)	(481.27)	(3,518.25)
Gross carrying amount on 31 March 2019	**275,004.24**	**23,750.37**	**15,122.16**

ii) Movements in the allowance for impairment in respect of loans, i.e. asset on finance

The movement in the allowance for impairment in respect of asset on finance is as follows:

Loans measured at amortised cost (Including trade advance, excluding staff loans and EIS receivables)

(₹ in Lacs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 1 April 2017	16,385.70	20,657.82	54,893.57
Transfer to Stage 1	4,447.34	(3,037.93)	(1,409.41)
Transfer to Stage 2	(2,700.65)	6,950.09	(4,249.43)
Transfer to Stage 3	(1,043.11)	(4,579.98)	5,623.09
New financial assets originated or purchased	8,100.16	2,326.95	1,048.01
Financial assets that have been derecognised / repaid	(8,453.21)	(406.33)	26,352.66
Write offs	(668.45)	(2,114.05)	(21,515.37)
Loss allowance on 31 March 2018	**16,067.78**	**19,796.57**	**60,743.12**
Transfer to Stage 1	4,006.80	(3,204.52)	(802.29)
Transfer to Stage 2	(2,381.82)	3,684.23	(1,302.40)
Transfer to Stage 3	(627.21)	(4,494.30)	5,121.52
Transfer from Amortised cost to Fair value through OCI	(4,291.76)	(1,829.66)	(5,059.17)
New financial assets originated or purchased	5,681.72	1,512.01	887.61
Financial assets that have been derecognised / repaid	(8,239.16)	(2,180.98)	(18,088.80)
Write offs	(345.41)	(2,036.22)	(21,399.73)
Loss allowance on 31 March 2019	**9,870.94**	**11,247.13**	**20,099.86**

Loans at fair value through OCI

(₹ in Lacs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 1 April 2017	1,030.38	1,663.98	2,827.12
Transfer to Stage 1	798.36	(377.81)	(420.55)
Transfer to Stage 2	(154.84)	964.08	(809.25)
Transfer to Stage 3	(46.71)	(277.26)	323.97
New financial assets originated or purchased	102.91	7.30	3.69
Financial assets that have been derecognised/repaid	(886.37)	158.11	1,742.49
Write offs	(46.29)	(55.21)	(606.19)
Loss allowance on 31 March 2018	**797.44**	**2,083.19**	**3,061.28**
Transfer to Stage 1	631.85	(446.51)	(185.34)
Transfer to Stage 2	78.90	82.98	(161.89)

Notes
to the Consolidated Financial Statements (Continued)

Note 50 : Financial risk management (Contd.)

(₹ in Lacs)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses: Financial assets for which credit risk has increased significantly and not credit-impaired	Loss allowance measured at life-time expected losses: Financial assets for which credit risk has increased significantly and credit-impaired
Transfer to Stage 3	(316.44)	(173.87)	490.31
Transfer from Amortised cost to Fair value through OCI	4,291.76	1,829.66	5,059.17
New financial assets originated or purchased	2,207.36	975.00	279.77
Financial assets that have been derecognised/repaid	(2,862.03)	(79.59)	1,750.74
Write offs	(330.54)	(627.38)	(2,945.43)
Loss allowance on 31 March 2019	**4,498.30**	**3,643.48**	**7,348.61**

i) Concentration risk

Pursuant to the guidelines of the RBI, credit exposure of banks to an individual borrower must not exceed 15% of owned fund and 25% of owned fund of the Company to any single group of borrower. The Company is in compliance with these guidelines. In addition, the Company views the concentration of risk on the basis of below product category.

(₹ in Lacs)

Loans to customers (carrying value)	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Asset backed Finance (ABF)	1,094,979.65	1,046,044.48	1,030,224.61
Loan against property (LAP)	252,880.20	214,442.09	236,458.28
Small and medium enterprise (SME)	208,438.68	197,673.43	193,657.46
Total	**1,556,298.53**	**1,458,160.00**	**1,460,340.35**

Loans to customers (%)	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Asset backed Finance (ABF)	70.36%	71.74%	70.55%
Loan against property (LAP)	16.25%	14.71%	16.19%
Small and medium enterprise (SME)	13.39%	13.55%	13.26%
Total	**100.00%**	**100.00%**	**100.00%**

Fair value of collateral relating to credit impaired financial assets

(₹ in Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018
Collateral value of underlying assets	91,527.72	124,888.31
Gross carrying amount	72,662.68	119,032.81
Loss allowance	26,557.49	60,809.07

iii Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions in a timely manner, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Company has obtained fund and non-fund based working capital lines from various banks. Further, the Company has access to funds from debt markets through commercial paper, non-convertible debentures and other debt instruments including term loans. Cash Credit / WCDL limits are renewed on annual basis and are therefore revolving in nature. The Company also manages liquidity by raising funds through Securitisation / assignment transactions.

Notes
to the Consolidated Financial Statements (Continued)

Note 50 : Financial risk management (Contd.)

Exposure to liquidity risk
The following are the remaining contractual maturities of financial labilities (including interest portion) at the reporting date.

(₹ in Lacs)

As at 31 March 2019	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Non - derivative financial liabilities						
Trade payables	36,966.00	36,966.00	36,966.00	-	-	-
Debt securities	49,250.44	62,014.56	16,906.76	31,757.80	7,900.00	5,450.00
Borrowings (other than debt securities)	1,162,730.49	1,284,679.72	850,600.89	362,355.00	71,723.37	0.46
Subordinated liability	101,330.04	153,246.97	27,770.31	45,372.90	49,424.85	30,678.91
Other financial liability	44,664.46	44,664.46	44,664.46	-	-	-
Derivative financial liabilities	-	-	-	-	-	-

(₹ in Lacs)

As at 31 March 2018	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Non - derivative financial liabilities						
Trade payables	32,238.06	32,238.06	32,238.06	-	-	-
Debt securities	34,688.13	47,077.44	13,345.05	17,083.03	5,749.36	10,900.00
Borrowings (other than debt securities)	1,075,753.25	1,209,706.31	849,483.14	309,741.09	50,482.08	-
Subordinated liability	102,223.97	148,514.28	32,496.56	35,706.97	46,431.25	33,879.50
Other financial liability	36,663.65	36,663.65	36,663.65	-	-	-
Derivative financial liabilities	59.57	59.57	59.57	-	-	-

(₹ in Lacs)

As at 1 April 2017	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Non - derivative financial liabilities						
Trade payables	21,917.05	21,917.05	21,917.05	-	-	-
Debt securities	64,239.17	78,282.10	55,240.71	11,942.28	5,199.11	5,900.00
Borrowings (other than debt securities)	1,073,904.60	1,197,140.27	790,111.00	364,900.16	42,129.11	-
Subordinated liability	110,518.76	152,960.92	22,790.35	43,104.03	39,946.90	47,119.64
Other financial liability	39,908.83	39,908.83	39,908.83	-	-	-
Derivative financial liabilities	-	-	-	-	-	-

iv. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, borrowings are

Notes
to the Consolidated Financial Statements (Continued)

Note 50 : Financial risk management (Contd.)

denominated in currencies that match the cash flows generated by the underlying operations of the Company – primarily ₹. In cases where the borrowings is denominated in foreign currency, the Company uses derivatives to manage market risks.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management is as follows:

(₹ in Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Financial liabilities - Borrowings in USD	-	5,081.57	-
Net exposure in respect of recognised assets and liabilities	**-**	**5,081.57**	**-**

Sensitivity analysis

As at 31 March 2018, every 1% increase/decrease of the foreign currencies compared to functional currency of the Company would impact results by approximately ₹ 51 lacs.

Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest bearing financial assets/ liabilities. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short-term loans.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management is as follows:

(₹ in Lacs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Fixed rate instruments			
Financial assets	1,405,201.53	1,226,912.47	1,214,050.49
Financial liabilities	956,103.29	804,230.39	860,326.00
Variable rate instruments			
Financial assets	224,969.46	205,154.85	228,520.77
Financial liabilities	438,838.14	477,396.24	450,162.41

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 bps in interest rate at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in Lacs)

Particulars	Profit or loss	
	100 bps increase	100 bps decrease
As at 31 March 2019		
Variable rate instruments	(2,138.69)	2,138.69
As at 31 March 2018		
Variable rate instruments	(2,722.41)	2,722.41

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.
The risk estimates provided assume a parallel shift of 100 bps interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as

Note 50 : Financial risk management (Contd.)

at that date. The period-end balances are not necessarily representative of the average debt outstanding during the period. This analysis assumes that all other variables remain constant.

Legal and operational risk

Legal risk

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Company has developed preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced.

As at 31 March 2019, there were legal cases pending against the Company aggregating ₹ 198.62 lacs (31 March 2018: ₹ 123.96 lacs and 1 April 2017: ₹ 116.32 lacs). Based on the opinion of the Company's legal advisors, the management believes that no substantial liability is likely to arise from these cases.

Operational risk

Operational risk framework is designed to cover all functions and verticals towards identifying the key risks in the underlying processes.
The framework, at its core, has the following elements :

1. Documented Operational Risk Management Policy.
2. Well defined Governance Structure.
3. Use of Identification and Monitoring tools such as Loss Data Capture, Risk and Control Self Assessment, Key Risk Indicators.
4. Standardised reporting templates, reporting structure and frequency.
5. Regular workshops and training for enhancing awareness and risk culture.

The Company has adopted the internationally accepted 3-lines of defense approach to operational risk management.

First line - Each function/vertical undergoes 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.
Second line – Independent risk management vertical supports the first line in developing risk mitigation strategies and provides oversight through regular monitoring. All key risks are presented to the Risk Management Committee on a quarterly basis.
Third line – Internal Audit conducts periodic risk-based audits of all functions and process to provide an independent assurance to the Audit Committee.

Note 51 :Change in liabilities arising from financing activities

(₹ in Lacs)

Particulars	As at 1 April 2018	Loan Taken	Loan Paid	Non Cash Changes*	As at 31 March 2019
Debt securities	34,688.13	23,500.00	(9,000.00)	62.31	49,250.44
Borrowings (other than debt securities)	1,075,753.25	393,530.98	(304,465.45)	(2,088.29)	1,162,730.49
Subordinated liabilities	102,223.97	20,000.00	(21,030.00)	136.07	1,01,330.04
Total Liabilities from financing activities	**1,212,665.35**	**437,030.98**	**(334,495.45)**	**(1,889.91)**	**1,313,310.97**

Particulars	As at 1 April 2017	Loan Taken	Loan Paid	Non Cash Changes*	As at 31 March 2018
Debt securities	64,239.17	19,000.00	(48,500.00)	(51.04)	34,688.13
Borrowings (other than debt securities)	1,073,904.60	288,912.16	(287,272.97)	209.46	1,075,753.25
Subordinated liabilities	110,518.76	2,100.00	(10,700.00)	305.21	102,223.97
Total Liabilities from financing activities	**1,248,662.53**	**310,012.16**	**(346,472.97)**	**463.63**	**1,212,665.35**

* Represents adjustments on account of EIR and other adjustment

Notes
to the Consolidated Financial Statements (Continued)

Note 52: Cash flow statement

(₹ in Lacs)

		For the year ended 31 March 2019	For the year ended 31 March 2018
A.	**Cash flow from operating activities**		
	Profit for the period	44,169.67	28,897.86
	Adjustments for :		
	Depreciation and amortisation expense	5,046.39	4,922.45
	Impairment on financial assets	26,539.87	31,594.60
	Gain on sale of investment	(245.19)	-
	Net gain on fair value changes	(448.59)	(1,539.68)
	Profit on sale of fixed assets	(43.28)	(190.35)
	Intangible assets under development written-off	19.84	597.69
	Employee share based compensation expense	850.78	129.06
	Others	(635.13)	(7.82)
	Operating cash flow before working capital changes	**75,254.36**	**64,403.81**
	Movement in working capital:		
	(Increase)/decrease in receivables	(725.09)	314.60
	(Increase) in loans	(171,544.84)	(23,063.77)
	(Increase)/decrease in other financial assets	(59.68)	1,628.16
	(Increase)/decrease in other non financial assets	(885.89)	(107.15)
	Increase in trade payables	5,315.20	10,572.31
	(Decrease) in other financial liabilities	5,982.63	(3,065.86)
	(Decrease) in provisions	(177.46)	(175.18)
	(Decrease) in other non financial liabilities	(591.09)	(1,192.92)
	Net cash (used in)/ generated from operating activities before taxes	**(87,431.86)**	**49,314.00**
	Income taxes paid (net of refunds)	(4,815.80)	(10,361.79)
	Net cash (used in)/ generated from operating activities (A)	**(92,247.66)**	**38,952.21**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment	(4,549.00)	(4,385.01)
	Proceeds from sale of property, plant and equipment	870.61	2,521.72
	Purchase of intangible assets	(879.00)	(1,013.75)
	Redemption of fixed deposits	56,716.41	26,191.95
	Investment in fixed deposits	(64,793.06)	(28,303.85)
	Investment in joint venture	(2,055.56)	-
	Proceeds from sale of investments	4,904.63	1,426.60
	Net cash (used in) investing activities (B)	**(9,784.97)**	**(3,562.34)**
C.	**Cash flow from financing activities**		
	Proceeds from issue of long-term debentures	43,500.00	21,100.00
	Redemption of long-term debentures	(30,030.00)	(59,200.00)
	Proceeds from long term borrowings	95,113.85	45,088.31
	Repayment of long term borrowings	(79,637.55)	(105,520.90)
	Proceeds from long term borrowings- pass through certificate	298,417.13	181,197.66
	Repayment of long term borrowings- pass through certificate	(193,268.74)	(181,752.07)
	(Repayment)/proceeds - loan repayable on demand (net) (refer note b)	(31,559.16)	62,626.19
	Proceeds from issue of equity shares including securities premium	49,029.51	41.40
	Dividend paid (including tax thereon)	(2,594.21)	(2,279.44)
	Net cash generated from /(used in) financing activities (C)	**148,970.83**	**(38,698.85)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**46,938.20**	**(3,308.98)**
	Cash and cash equivalents at the beginning of the year	10,160.01	13,468.99
	Cash and cash equivalents at the end of the year	**57,098.21**	**10,160.01**

(a) Cash and cash equivalents consist of cash on hand, balance with banks and deposits with banks. Please refer Note 3 for detailed disclosure.

(b) The figures has been presented on a net basis as the transactions during the year are voluminous

Notes
to the Consolidated Financial Statements (Continued)

NOTE 53 : Business combinations

A. Amalgamation of Magma Advisory Services Limited

Pursuant to the Scheme of Amalgamation sanctioned by the Honorable Regional Director, Eastern Region, Ministry of Corporate Affairs, on 15 January, 2018, the entire business and all assets and liabilities of erstwhile Magma Advisory Services Limited (MASL), a wholly owned subsidiary company engaged in the business of manpower outsourcing and providing advisory and consultancy services, has with effect from 1 April, 2017, been transferred to and vested in the Company.

The amalgamation qualifies as a 'common control transaction' as Ind AS 103, Business Combinations. Consequently, the amalgamation has been accounted for using the pooling of interest method.

Magma Housing Finance Limited, previously a subsidiary of MASL and a step-down subsidiary of the Company, has become direct subsidiary of the Company.

The value of net identifiable assets of the MASL acquired is ₹ 22,008.84 lacs and the difference between the value of investment and the share capital of the MASL of ₹ 25,222.22 lacs has been recognised as capital reserve.

B. Amalgamation of Magma ITL Finance Limited

Pursuant to the Scheme of Amalgamation sanctioned by the Honorable National Company Law Tribunal (NCLT), Kolkata Bench on 08 May, 2018, the entire business and all assets and liabilities of erstwhile Magma ITL Finance Limited (MITL), a wholly owned subsidiary company engaged in the business of providing finance, has with effect from 1 October, 2017, been transferred to and vested in the Company.

The Company has accounted for the Scheme with effect from 1 April 2017, under the pooling of interest method as prescribed by Ind AS 103 'Business Combination'. The appointed date considered for accounting of the Scheme under Ind AS is different from that prescribed by the NCLT, as mentioned above. Had the Company accounted for the aforesaid Scheme with effect from 1 October 2017, the 'Other Equity' as at 1 April 2017 would have been lower by ₹ 2,482.94 lacs and the total comprehensive income (net of tax) for year ended 31 March 2018 would have been lower by ₹ 5,096.45 lacs.

The value of net identifiable assets of the MITL acquired is ₹ 13,422.76 lacs and the difference between the value of investment and the share capital of the MITL of ₹ 2,249.51 lacs has been adjusted with retained earnings.

NOTE 54 : Revenue from contracts with customers

(a) Below table provides disaggregation of the Company's revenue from contracts with customers:

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018
Type of service		
Fees and commission income	9,274.06	8,134.40
Other income	3,106.41	1,590.94
Total	**12,380.47**	**9,725.34**
Geographical markets		
India	12,380.47	9,725.34
Outside India	-	-
Total	**12,380.47**	**9,725.34**
Timing of recognition of revenue		
Performance obligation satisfied at a point in time	12,380.47	9,725.34
Performance obligation satisfied over period of time	-	-
Total	**12,380.47**	**9,725.34**

(b) Trade receivables

(₹ in Lacs)

	As at 31 March 2019	As at 31 March 2018
Trade receivables	1,082.04	314.89
	1,082.04	**314.89**

No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended 31 March 2019 and 31 March 2018.

Notes
to the Consolidated Financial Statements (Continued)

Note 55 : First time adoption of Ind AS

A. Explanation of transition to Ind AS

These financial statements, for the year ended 31 March 2019, are the first financial statements the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP) and in accordance with prudential norms for income recognition, assets classification and provisioning for non-performing assets as well as contingency provision for standard assets as prescribed by the Reserve Bank of India (RBI) for NBFCs to the extent applicable (collectively referred as ""Previous GAAP"").

In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2017, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018.

In preparing the financial statements, the Group has applied the optional exemptions and mandatory exceptions. Significant items are explained below:

(i) Property, plant and equipment, intangible assets and investment properties

As permitted by Ind AS 101, the Group has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

(ii) Business combinations

The Group has elected not to apply Ind AS 103 - Business Combinations retrospectively to past business combinations that occurred before the transition date, i.e. 1 April 2017.

(iii) Investments in group companies

The Group has elected to apply the exemption available under Ind AS 101 to use the carrying value (measured as per the previous GAAP) for all its investments in subsidiaries and joint ventures as recognised in the financial statements as at the date of transition to Ind AS, as deemed cost as at the date of transition.

(iv)Leases

The Group has availed the exemption to assess whether an arrangement contains a lease based on facts and circumstances existing on transition date.

(v) Derecognition of financial assets and liabilities

The Group has elected to apply the derecognition principles of Ind AS 109 retrospectively.

B. Reconciliation of equity and total comprehensive income

(i) Reconciliation of equity as at 1 April 2017 and 31 March 2018

(₹ in Lacs)

Particulars	Notes to first-time adoption	As at 1 April 2017			As at 31 March 2018		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
ASSETS							
Financial assets							
Cash and cash equivalents	-	13,468.99	-	13,468.99	10,160.01	-	10,160.01
Bank balance other than cash and cash equivalents	-	28,397.74	-	28,397.74	30,509.64	-	30,509.64
Receivables	-	686.49	-	686.49	371.89	-	371.89
Loans	(c),(d),(e),(i)	1,183,496.78	181,212.54	1,364,709.32	1,180,373.07	176,669.37	1,357,042.44
Investments	(f)	22,639.66	(9,250.99)	13,388.67	24,697.56	(10,671.37)	14,026.19
Other financial assets	(d),(e),(j)	15,361.61	6,558.44	21,920.05	13,072.36	6,884.79	19,957.15

Notes
to the Consolidated Financial Statements (Continued)

Note 55 : First time adoption of Ind AS (Contd.)

(₹ in Lacs)

Particulars	Notes to first-time adoption	As at 1 April 2017			As at 31 March 2018		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Non-financial assets							
Current tax assets (net)	(g)	9,003.82	-	9,003.82	10,510.63	(762.39)	9,748.24
Deferred tax assets (net)	(g)	1,565.36	17,477.45	19,042.81	2,571.32	21,255.98	23,827.30
Property, plant and equipment	-	18,362.52	-	18,362.52	16,388.13	-	16,388.13
Capital work-in-progress	-	120.96	-	120.96	11.58	-	11.58
Intangible assets under development	-	427.94	-	427.94	96.27	-	96.27
Goodwill	-	1,430.34	-	1,430.34	1,430.34		1,430.34
Other intangible assets	-	2,879.04	-	2,879.04	2,840.29	-	2,840.29
Other non-financial assets	(b),(d),(j)	3,098.57	(54.74)	3,043.83	2,948.02	76.67	3,024.69
Total assets		**1,300,939.82**	**195,942.70**	**1,496,882.52**	**1,295,981.11**	**193,453.05**	**1,489,434.16**
LIABILITIES							
Financial liabilities							
Derivative financial instruments	-	-	-	-	-	59.57	59.57
Trade payables	-	21,917.05	-	21,917.05	32,238.06	-	32,238.06
Debt securities	-	64,239.17	-	64,239.17	34,688.13	-	34,688.13
Borrowings (other than debt securities)	(d)	828,676.66	245,227.94	1,073,904.60	830,995.71	244,757.54	1,075,753.25
Subordinated liabilities	-	110,518.76	-	110,518.76	102,223.97	-	102,223.97
Other financial liabilities	(d)	50,758.28	(10,849.45)	39,908.83	50,865.33	(14,201.68)	36,663.65
Non-Financial Liabilities							
Current tax liabilities (net)	-	765.60	-	765.60	1,632.03	-	1,632.03
Provisions	-	1,360.00	-	1,360.00	1,252.09	-	1,252.09
Other non-financial liabilities	(j)	8,917.18	(2.53)	8,914.65	7,723.66	(1.93)	7,721.73
Total liabilities		**1,087,152.70**	**234,375.96**	**1,321,528.66**	**1,061,618.98**	**230,613.50**	**1,292,232.48**
EQUITY							
Equity share capital	-	4,739.19	-	4,739.19	4,740.57	-	4,740.57
Other equity	(h),(i),(j)	209,047.93	(38,433.26)	170,614.67	229,621.56	(37,160.45)	192,461.11
Total equity		**213,787.12**	**(38,433.26)**	**175,353.86**	**234,362.13**	**(37,160.45)**	**197,201.68**
Total liabilities and equity		**1,300,939.82**	**195,942.70**	**1,496,882.52**	**1,295,981.11**	**193,453.05**	**1,489,434.16**

Notes
to the Consolidated Financial Statements (Continued)

Note 55 : First time adoption of Ind AS (Contd.)

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(ii) Reconciliation of total comprehensive income for the year ended 31 March 2018

(₹ in Lacs)

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Revenue from operations				
Interest Income	(c),(d),(j)	205,326.91	7,279.79	212,606.70
Rental Income	(j)	2,731.52	45.55	2,777.07
Fees and commission income	-	8,134.40	-	8,134.40
Net gain on fair value changes	(f),(j)	1.43	1,538.25	1,539.68
Net gain on derecognition of financial instruments	(d)	-	3,978.66	3,978.66
Total revenue from operations		**216,194.26**	**12,842.25**	**229,036.51**
Other income	-	3,750.42	-	3,750.42
Total income		**219,944.68**	**12,842.25**	**232,786.93**
Expenses				
Finance costs	(b),(d),(j)	90,546.05	21,202.71	1,11,748.76
Impairment on financial instruments	(e)	37,386.54	(5,791.94)	31,594.60
Employee benefits expenses	(i),(j)	36,791.63	11.71	36,803.34
Depreciation, amortisation and impairment	-	4,922.45	-	4,922.45
Others expenses	(j)	18,742.39	77.53	18,819.92
Total expenses		**188,389.06**	**15,500.01**	**203,889.07**
Profit before share of profit/(loss) of joint ventures and tax		**31,555.62**	**(2,657.76)**	**28,897.86**
Share of profit of equity-accounted investee, net of tax		**-**	**186.82**	**186.82**
Profit / (loss) before tax		**31,555.62**	**(2,470.94)**	**29,084.68**
Tax expense:				
Current tax - current year	(g)	9,975.41	727.59	10,703.00
- earlier year	(g)	(254.00)	34.80	(219.20)
Deferred tax	(g)	(1,005.96)	(4,081.93)	(5,087.89)
		8,715.45	**(3,319.54)**	**5,395.91**
Profit for the year		**22,840.17**	**848.60**	**23,688.77**
Other comprehensive income				
(i) Items that will not be reclassified to profit or loss				
- Remeasurements of the defined benefit plans	(i)	-	(67.27)	(67.27)
- Share of profit of equity-accounted investee, net of tax	(i)	-	30.48	30.48
(ii) Income tax relating to items that will not be reclassified to profit or loss	(i)	-	10.60	10.60
Subtotal		**-**	**(26.19)**	**(26.19)**
(i) Items that will be reclassified to profit or loss				
- Debt instruments through other comprehensive income	(i)	-	901.85	901.85
- Share of profit of equity-accounted investee, net of tax	(i)	-	(291.32)	(291.32)
(ii) Income tax relating to items that will be reclassified to profit or loss	(i)	-	(314.03)	(314.03)
Subtotal		**-**	**296.50**	**296.50**
Other comprehensive income		**-**	**270.31**	**270.31**
Total comprehensive income for the year		**22,840.17**	**578.29**	**23,959.08**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes
to the Consolidated Financial Statements (Continued)

Note 55 : First time adoption of Ind AS (Contd.)

C. Summary reconciliations between Ind-AS and Previous GAAP for equity, total comprehensive income and statement of cash flows are given below.

(i) Reconciliation of total equity as at 31 March 2018 and 1 April 2017

(₹ in Lacs)

Particulars	Notes to first-time adoption	As at 31 March 2018	As at date of transition 1 April 2017
Equity as reported under Previous GAAP		**231,949.85**	**217,213.37**
Adjustments resulting in increase / (decrease) in equity as reported under Previous GAAP :			
(a) Impact on application of Expected Credit Loss method for impairment on financial instruments with corresponding reversal and related adjustments.	(c),(e)	(62,154.84)	(65,535.69)
(b) Impact on derecognition of loans sold under direct assignment transaction and recognition of financial assets transferred under securitisation transaction	(d)	9,665.59	11,901.89
(c) Impact on recognition of financial assets and financial liabilities by application of effective interest rate method	(b),(c)	(8,441.08)	(3,059.94)
(d) Fair valuation of financial assets and liabilities carried through profit and loss	(f),(j)	2,707.05	1,115.59
(e) Fair valuation of financial assets and liabilities carried through other comprehensive income	(i)	569.28	(332.57)
(f) Others		2,412.28	(3,426.25)
(g) Tax impact on above adjustments	(g)	20,493.55	17,477.46
Total adjustments on transition to Ind AS		**(34,748.17)**	**(41,859.51)**
Equity as per Ind AS		**197,201.68**	**175,353.86**

(ii) Reconciliation of total comprehensive income for the year ended 31 March 2018

(₹ in Lacs)

Particulars	Notes to first-time adoption	Year ended 31 March 2018
Profit after tax under Previous GAAP		**23,042.41**
Adjustments resulting in increase / (decrease) in profit after tax as reported under Previous GAAP :		
(a) Impact on application of Expected Credit Loss method for impairment on financial instruments with corresponding reversal and related adjustments.	(c),(e)	3,380.84
(b) Impact on derecognition of loans sold under direct assignment transaction and recognition of financial assets transferred under securitisation transaction	(d)	(2,236.31)
(c) Impact on recognition of financial assets and financial liabilities at amortised cost by application of effective interest rate method	(b),(c)	(5,381.14)
(d) Fair valuation of financial assets and liabilities carried through profit and loss	(f),(j)	1,512.48
(e) Others	(i)	50.95
(f) Tax impact on above adjustments	(g)	3,319.54
Profit after tax as per Ind AS		**23,688.77**
Other comprehensive income, net of taxes	(i)	270.31
Total comprehensive income for the year		**23,959.08**

(iii) Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2018

(₹ in Lacs)

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	139,742.31	(100,790.10)	38,952.21
Net cash flow from investing activities	(6,613.65)	3,051.31	(3,562.34)
Net cash flow from financing activities	(136,437.64)	97,738.79	(38,698.85)
Net increase/(decrease) in cash and cash equivalents	**(3,308.98)**	**-**	**(3,308.98)**
Cash and cash equivalents as at 1 April 2017	13,468.99	-	13,468.99
Cash and cash equivalents as at 31 March 2018	**10,160.01**	**-**	**10,160.01**

Notes
to the Consolidated Financial Statements (Continued)

Note 55 : First time adoption of Ind AS (Contd.)

D. Notes to the reconciliations

(a) Business combination

Pursuant to scheme of amalgamation, the Group had acquired Magma Advisory Services Limited (MASL) on 15 January 2018 and Magma ITL Finance Limited (MITL) on 8 May 2018. Under Ind AS, said transactions come under the purview of common control transactions and accordingly, the same is required to be consolidated using pooling of interest method from the beginning of the preceding period i.e. 1 April 2017. Accordingly, the book value of all assets and liabilities of Magma Advisory Services Limited (MASL) and Magma ITL Finance Limited (MITL) as at 1 April 2017 have been consolidated with the assets and liabilities of the Group. (Refer Note 53)

(b) Borrowings

Ind AS 109 requires transactions costs directly attributable to origination of borrowings to be charged to statement of profit or loss as interest expense over the contractual terms of the borrowings applying effective interest rate method. Accordingly, borrowings are required to be recorded; net of such transaction costs. Under previous GAAP, such transaction costs were shown as unamortised costs under non-current/ current assets.

(c) Loans

Ind AS 109 requires transactions cost/ income directly attributable to origination of loans to be recognised in statement of profit and loss over the contractual terms of the loans applying effective interest rate method. Ind AS 109 requires carrying amount of loans to be recorded; net of such transaction cost/ income. Under previous GAAP, such transaction costs were shown as unamortised cost under non-current/ current assets.

Further, under Ind AS, interest income on credit impaired loan assets (non performing assets), is calculated by applying effective interest rate to the amortised cost of such loan assets. Under previous GAAP, interest income on non performing assets was recognised upon realisation as per RBI guidelines. Under Ind AS, the loan assets are disclosed net of impairment allowance computed using expected credit loss model.

(d) Direct assignment transactions - Loan assignment

Under Ind AS, present value of excess interest spread receivables on de-recognised assets has been computed by discounting net cash flows from such assigned pools and income from direct assignment transaction is recognised upfront in books of accounts, disclosed as 'Net gain on Derecognition of Financials Instruments'. However, the right to receive cash flow (including resultant income) will arise as per the terms and time periods mentioned in the direct assignment agreement. Under previous GAAP, the income in respect of direct assignment was recognised only when redeemed in cash, as per regulatory guideline prescribed by the Reserve Bank of India.

Securitization (PTC) transaction do not meet the de-recognition criteria under Ind AS and are recognised in books of accounts as loan assets. The corresponding consideration received is recognised as borrowings (net of investments made in Pass through Certificates). The interest income from loan assets and finance charges for borrowings are included in revenue from operations and finance cost respectively.

(e) Expected credit loss allowance

On transition to Ind AS, the Group has recognised impairment loss on loans and other financial assets based on the expected credit loss (ECL) model as required by Ind AS 109. Consequently, loans and other financial assets have been reduced with a corresponding decrease in retained earnings on the date of transition.

Reversal of provision includes reversal for accounts regularised in the normal course of business and on account of loan accounts written off and includes amounts adjusted in retained earnings on transition from previous GAAP to Ind AS.

(f) Fair valuation of investments

Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on intention of management at the time of purchase. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. In accordance with Ind AS, the Group has recognised the net fair value changes relating to in equity instruments in the statement of profit and loss.

(g) Tax impact on adjustments

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

(h) Retained earnings

Retained earnings as at 1 April 2017 has been adjusted consequent to the above Ind AS transition adjustments.

Notes
to the Consolidated Financial Statements (Continued)

Note 55 : First time adoption of Ind AS (Contd.)

(i) Other comprehensive income

Items of income and expense that are not recognised in profit or loss but are shown in other comprehensive income includes remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI instruments. The concept of other comprehensive income did not exist under previous GAAP.

(J) Fair value of other items

Under Ind AS, the Group has fair valued some other items such as security deposits (given and taken), derivative instruments, stock options and other financial assets which was recorded under previous GAAP at carrying value or intrinsic value.

NOTE 56: Operating segments

The Executive Committee (Excom) of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, "Operating Segments." The Company's operating segments are established in the manner consistent with the components of the Company that are evaluated regularly by the CODM. The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108.

NOTE 57: Previous year's figures including those in brackets have been re-grouped / rearranged wherever necessary.

As per our report of even date attached

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

Manoj Kumar Vijai
Partner
Membership No.: 046882

Place : Mumbai
Date : 15 May 2019

For and on behalf of the Board of Directors

Narayan K Seshadri
Chairman
(DIN : 00053563)

Sanjay Chamria
Vice Chairman & Managing Director
(DIN : 00009894)

Kailash Baheti
Chief Financial Officer

Shabnum Zaman
Company Secretary

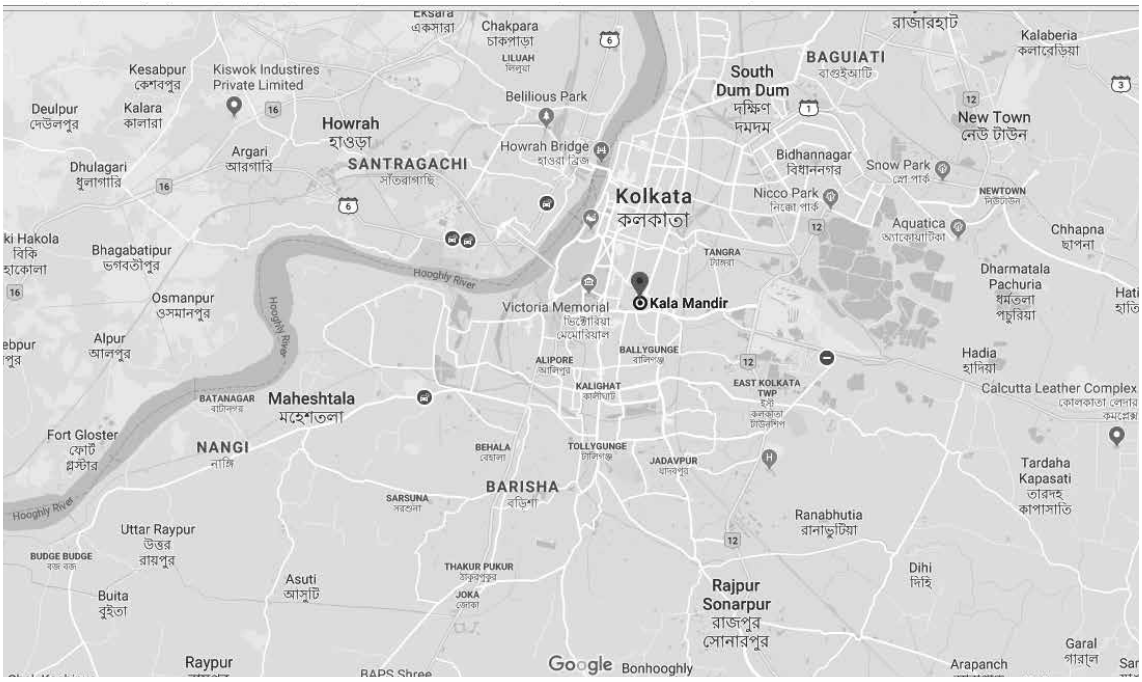
Place : Mumbai
Date : 15 May 2019

Business and Industry Related Terms

Term	Description
ALM	Assets and liability management
AUM	Assets under management
Capital Adequacy Ratio/ CRAR	Minimum Capital Ratio to be maintained by a NBFC as required under the Non-Banking Financial Company – Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
Collection Efficiency	Collections during the period/Billings during the period
CSR	Corporate Social Responsibility
DSA	Direct selling agents
DTL	Deferred tax liability
ED	Early delinquency
ESOS	Employee Stock Option Scheme
ESPS	Employee Stock purchase Scheme
EWI	Early warning indicators
GDP	Gross domestic product
GST	Goods and services tax
HCVs	Heavy commercial vehicles
HFC	Housing financing company
ICAI	Institute of Chartered Accountants of India
ID	Infant delinquency
Ind-AS	Indian accounting standards as notified by the MCA vide Companies (Indian Accounting Standards) Rule 2015
GAAP / Indian GAAP	Generally accepted accounting principles in India
IRDAI	The Insurance Regulatory and Development Authority of India
IT Act / Income Tax Act	The Income Tax Act, 1961, as amended
ITAT	Income Tax Appellate Tribunal
KYC	Know your customer
LAP	Loans against property
LCVs	Light commercial vehicles
LTV	Loan to value
NBFC	Non-Banking Financial Company
NCDs	Non Convertible Debentures
Net Income	Total Income less Finance Cost
Net NPAs	Net non-performing assets as per RBI regulations for banks or NBFCs
NHB	National Housing Board
NPAs	Non-performing assets
NSDL	National Securities Depository Limited
PAN	Permanent account number
PAT	Profit after tax
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
RoC	Registrar of Companies, West Bengal
RSO	Restricted stock options
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SME	Small and Medium Enterprise
Stock Exchanges	BSE and NSE
Tier I Capital	As defined under RBI regulations for NBFCs
Tier II Capital	As defined under RBI regulations for NBFCs
Total Assets	Total assets of the Company

Notes

Route map for 39th Annual General Meeting of the Company scheduled at 1 August 2019 at Kalakunj Auditorium



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