MAGMA FINCORP LIMITED

Our Company was incorporated in Kolkata, West Bengal as ARM Group Enterprises Private Limited on December 18, 1978 as a private limited company under the Companies Act, 1956, as amended and was granted a certificate of incorporation by the Registrar of Companies, West Bengal at Kolkata. Pursuant to the conversion of our Company into a public limited company, the name of our Company was changed to ARM Group Enterprises Limited and a fresh certificate of incorporation consequent on change of name was issued by the RoC on October 30, 1980. Subsequently, the name of our Company was changed to Magma Leasing Limited and a fresh certificate of incorporation consequent on change of name was issued by the RoC on August 24, 1993. Subsequently, the name of our Company was changed to Magma Shrachi Finance Limited and a fresh certificate of incorporation consequent on change of name was issued by the RoC on June 19, 2007. Subsequently, the name of our Company was changed to Magma Fincorp Limited and a fresh certificate of incorporation consequent on change of name was issued by the RoC on July 31, 2008. Our Company holds a certificate of registration dated September 23, 2008 bearing registration number B-05.02795 issued by the RBI to carry on the activities of a non-deposit taking NBFC with the RBI under section 45 IA of the RBI Act, 1934. The Corporate Identity Number of our Company is L51504WB1978PLC031813. For more information about our Company, see "History and Certain Corporate Matters" on page 104.

Registered Office: Magma House, 24 Park Street, Kolkata 700 016, West Bengal, India; **Tel No.**: +91 33 4401 7350/7200; **Fax No**: +91 33 4402 7731
Corporate Office: Equinox Business Park, 2nd Floor, Tower 3, Off BKC, Ambedkar Nagar, LBS Marg, Kurla West, Mumbai 400 070, Maharashtra, India; **Tel No**: +91 22 6229 1100
Website: www.magma.co.in; **E-mail**: mflncdpublicissue@magma.co.in; **Company Secretary and Compliance Officer**: Shabnum Zaman **Tel No.**: +91 33 4401 7350/7200

PUBLIC ISSUE BY MAGMA FINCORP LIMITED, ("COMPANY" OR "ISSUER") OF 100 LAKH SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH, ("NCDS"), FOR AN AMOUNT AGGREGATING UPTO ₹ 1,00,000 LAKHS ("SHELF LIMIT"), ("ISSUE"). THE NCDS WILL BE ISSUED IN ONE OR MORE TRANCHES (EACH BEING A "TRANCHE ISSUE") SUBJECT TO THE SHELF LIMIT, IN ACCORDANCE WITH THE TERMS AND CONDITIONS SET OUT IN A SEPARATE TRANCHE PROSPECTUS FOR EACH SUCH TRANCHE ISSUE (EACH A "TRANCHE ISSUE") WHICH SHOULD BE READ TOGETHER WITH THE DRAFT SHELF PROSPECTUS AND THIS SHELF PROSPECTUS. THIS SHELF PROSPECTUS TOGETHER WITH THE RELEVANT TRANCHE PROSPECTUS FOR A SPECIFIC TRANCHE ISSUE SHALL CONSTITUTE THE "PROSPECTUS". THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED (THE "DEBT REGULATIONS"), THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER AS AMENDED AND TO THE EXTENT NOTIFIED.

OUR PROMOTERS

Our Promoters are Celica Developers Private Limited, Microfirm Capital Private Limited, Ashita Poddar, Kalpana Poddar, Mansi Poddar and Shaili Poddar. For details of our Promoters, please see "*Our Promoters*" on page 119.

GENERAL RISKS

For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the Investors is invited to the chapter titled "*Risk Factors*" beginning on page 17 of this Shelf Prospectus and "*Material Developments*" on page 328 of this Shelf Prospectus and in the relevant Tranche Prospectus of any Tranche Issue before making an investment in such Tranche Issue. This Shelf Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the Registrar of Companies, West Bengal at Kolkata or any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Shelf Prospectus read together with the relevant Tranche Prospectus for a Tranche Issue does contain and will contain all information with regard to the Issuer and the relevant Tranche Issue, which is material in the context of the Issue. The information contained in this Shelf Prospectus and relevant Tranche Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Shelf Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount and Eligible Investors of the NCDs, please see "*Issue Structure*" on page 377.

CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated 'BWR AA (pronounced as BWR Double A) (Outlook: Stable)' by Brickworks Ratings India Private Limited ("**Brickworks**") for an amount of up to ₹ 1,00,000 lakhs *vide* its letter dated December 21, 2018 and revalidated by the revalidation letter dated March 28, 2019 and 'ACUITE AA/Stable' by Acuité Ratings & Research Limited (erstwhile SMERA Ratings Limited) ("**Acuité**") for an amount of up to ₹ 1,00,000 lakhs vide its letter dated December 28, 2018 and revalidated by the revalidation letter dated March 28, 2019. The rating of the NCDs by Brickworks and Acuité indicate that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk. The ratings provided by Brickworks and/or Acuité may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings by Brickworks and Acuité are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to Annexures A and B for the rationale for the above ratings.

LISTING

The NCDs offered through this Shelf Prospectus and relevant Tranche Prospectus are proposed to be listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"). Our Company has obtained an 'in-principle' approval for the Issue from the BSE and NSE vide their letters dated January 23, 2019. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

PUBLIC COMMENTS

The Draft Shelf Prospectus dated January 15, 2019 was filed with the Stock Exchanges, pursuant to the provisions of the Debt Regulations and was open for public comments for a period of seven Working Days from the date of filing of the Draft Shelf Prospectus with the Designated Stock Exchange.

LEAD MANAGERS TO THE ISSUE		DEBENTURE TRUSTEE	REGISTRAR TO THE ISSUE
Edelweiss Financial Services Limited Edelweiss House, Off CST Road, Kalina, Mumbai 400 098, Maharashtra, India **Tel**: +91 22 4086 3535 **Fax**: +91 22 4086 3610 **Email**: magma.ncd@edelweissfin.com **Investor Grievance Email:** customerservice.mb@edelweissfin.com **Website**: www.edelweissfin.com **Contact Person**: Lokesh Singhi/ Mandeep Singhi **Compliance Officer**: B. Renganathan **SEBI Regn. No**.: INM0000010650	**A. K. Capital Services Limited** 30-39, Free Press House 3rd Floor, Free Press Journal Marg 215, Nariman Point, Mumbai 400 021, Maharashtra, India **Tel**: +91 22 6754 6500 **Fax**: +91 22 6610 0594 **Email**: magma2019@akgroup.co.in **Investor Grievance Email**: investor.grievance@akgroup.co.in **Website**: www.akgroup.co.in **Contact Person**: Shilpa Pandey/ Malay Shah **Compliance Officer:** Tejas Davda **SEBI Registration No**.: INM000010411	**Catalyst 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**: ComplianceCTL-Mumbai@ctltrustee.com **Investor Grievance Email:** grievance@ctltrustee.com **Website:** www.catalysttrustee.com **Contact Person**: Umesh Salvi **SEBI Registration No**.: IND000000034	**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 **Investor Grievance E-mail:** einward.ris@karvy.com **Contact person**: M Murali Krishna **SEBI Registration No.**: INR000000221$

ISSUE PROGRAMME*

ISSUE OPENS ON: As specified in the relevant Tranche Prospectus | **ISSUE CLOSES ON:** As specified in the relevant Tranche Prospectus

** The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated in the relevant Tranche Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or the duly constituted committee of the Board, namely the Management Committee of the Board (the "**Management Committee**"), subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a leading daily national newspaper with wide circulation on or before such earlier or initial date of Issue closure. On the relevant Tranche Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchanges. For further details please see "General Information" on page 47.*

***Catalyst Trusteeship Limited (formerly known as GDA Trusteeship Limited) has by its letter dated January 1, 2019 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Shelf Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Issue.*
**** formerly known as KCPL Advisory Services Private Limited.*

$ The registration is currently under the name of Karvy Computershare Private Limited. Karvy Fintech Private Limited has filed an application with the SEBI for registration under its new name, which is currently pending.

A copy of this Shelf Prospectus has been filed and a copy of the relevant Tranche Prospectus shall be filed with the Registrar of Companies, West Bengal at Kolkata, in terms of Sections 26 and 31 of the Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details please see "Material Contracts and Documents for Inspection" beginning on page 421.

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SECTION I - GENERAL

DEFINITIONS / ABBREVIATIONS

Unless the context otherwise indicates, all references in this Shelf Prospectus to "the Issuer", "our Company", "the Company" or "MFL" are to Magma Fincorp Limited, a company incorporated under the Companies Act, 1956, registered as a systemically important non-deposit accepting non-banking financial company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934, and having its Registered Office at Magma House, 24, Park Street, Kolkata, West Bengal 700 016, India. Unless specified elsewhere or the context otherwise indicates, all references in this Shelf Prospectus to "we" or "us" or "our" are to our Company.

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Shelf Prospectus, and references to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended from time to time.

Company related terms

Term	Description
Acuité	Acuité Ratings & Research Limited (erstwhile SMERA Ratings Limited)
AOA/Articles / Articles of Association	Articles of Association of our Company
Associate Companies	Our Joint Ventures i.e. Magma HDI General Insurance Company Limited and Jaguar Advisory Services Private Limited
Auditors or Statutory Auditors	B S R & Co. LLP, Chartered Accountants, statutory auditors of our Company
Board / Board of Directors	Board of directors of our Company or any duly constituted committee thereof
Brickworks	Brickworks Ratings India Private Limited
CARE	CARE Ratings Limited
Control	Control for the purposes of this Shelf Prospectus shall have the same meaning as assigned to such term under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time and Section 2 (27) of the Companies Act, 2013, as amended
Corporate Office	The corporate office of our Company, situated at Equinox Business Park, 2nd Floor, Tower 3, Off BKC, Ambedkar Nagar, LBS Marg, Kurla West, Mumbai 400 070, Maharashtra, India
CRISIL Research	CRISIL Research, a division of CRISIL Limited
CRISIL Report	Report from CRISIL Research titled "NBFC Report" released in India in August, 2018
DIN	Director Identification Number
Equity Shares	Equity shares of face value of ₹2 each of our Company
Group Companies	such companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board of the Issuer i.e. our Associate Companies, Devsar Vyapaar Private Limited, Magma Consumer Finance Private Limited and Tranzmute Capital and Management Private Limited.
KMP/ Key Managerial Personnel	The key managerial personnel of our Company in accordance with the provisions of the Companies Act, 2013. For details, see "*Our Management*" beginning on page 109.
Magma Advisory	Magma Advisory Services Limited, our erstwhile subsidiary
Materiality Policy	The policy adopted by our Company in relation to the disclosure of material outstanding proceedings involving our Company, its Subsidiary, Promoters and Directors in the Draft Shelf Prospetctus and this Shelf Prospectus pursuant to the resolution passed by the Management Committee of the Board dated January 3, 2019. For further details see "*Outstanding Litigations and Defaults*" on page 349.

Term	Description
"MFL", "Issuer", "the Company" and "our Company"	Magma Fincorp Limited, a company incorporated under the Companies Act, 1956, registered as a systemically important non-deposit accepting Non-Banking Financial Company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934, and having its Registered Office at Magma House, 24, Park Street, Kolkata, West Bengal 700 016, India
MIS	Management Information System of our Company
Memorandum / MOA	Memorandum of Association of our Company
MESOP	The Magma Employee Stock Option Plan 2007
MHDI	Magma HDI General Insurance Company Limited
MHFL	Magma Housing Finance Limited (formerly Magma Housing Finance (a public company with unlimited liability)
MITL	Magma ITL Finance Limited, our erstwhile subsidiary
MRSOP	The Magma Restricted Stock Option Plan 2014
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IC and 45-IF of the RBI Act, 1934
NPA	Non – Performing Asset
₹/ Rs. / INR/ Rupees/ Indian Rupee	The lawful currency of the Republic of India
Preference Shares	Redeemable preference shares of our Company of face value of ₹100 each
Promoters	Our Promoters, namely, Celica Developers Private Limited, Microfirm Capital Private Limited, Mansi Poddar, Shaili Poddar, Kalpana Poddar and Ashita Poddar
Q2 Unaudited Financial Results	Unaudited Standalone financial results of Magma Fincorp Limited (the "Company") and unaudited Consolidated financial results of the Company and its subsidiary and joint ventures for the quarter ended September 30, 2018 and the year-to-date results for the period from April 1, 2018 to September 30, 2018 submitted by the Company to the Stock Exchange pursuant to the requirements of Regulation 33 of the SEBI Listing Regulations
Q3 Unaudited Financial Results	Unaudited Standalone financial results of Magma Fincorp Limited (the "Company") and unaudited Consolidated financial results of the Company and its subsidiary and joint ventures for the quarter ended December 31, 2018 and the year-to-date results for the period from April 1, 2018 to December 31, 2018 submitted by the Company to the Stock Exchange pursuant to the requirements of Regulation 33 of the SEBI Listing Regulations
Reformatted Consolidated Financial Information	The statement of reformatted consolidated summary statement of assets and liabilities of our Company as at March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018, and the related reformatted consolidated summary statement of profit and loss of our Company and the related reformatted consolidated statement of cash flows of our Company for the financial years ended March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018, as examined by our Company's Statutory Auditors. The audited consolidated financial statements of the Company as at and for the years ended March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 form the basis for such Reformatted Consolidated Financial Information.
Reformatted Standalone Financial Information	The statement of reformatted standalone summary statement of assets and liabilities of our Company as at March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018, and the related reformatted standalone summary statement of profit and loss of our Company and the related reformatted standalone statement of cash flows of our Company for the financial years ended March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018, as examined by our Company's Statutory Auditors. The audited standalone financial statements of our Company as at and for the years ended March 31, 2014, March 31, 2015, March 31, 2016; March 31, 2017

Term	Description
	and March 31, 2018 form the basis for such Reformatted Standalone Financial Information.
Reformatted Financial Information	Reformatted Consolidated Financial Information and Reformatted Standalone Financial Information collectively.
Registered Office	The registered office is Magma House, 24, Park Street, Kolkata 700 016, West Bengal, India
"RoC" or "Registrar of Companies"	Registrar of Companies, West Bengal at Kolkata
Shareholders	The shareholders of our Company
Subsidiary	Subsidiary of our Company, namely, MHFL
Total Loan Assets	Assets under financing activities
"We", "us" and "our"	Our Company, unless the context otherwise requires

Issue related terms

Term	Description
Allotment / Allotted / Allot	Unless the context otherwise requires, the allotment of the NCDs pursuant to the Issue to the successful Allottees
Allotment Advice	The communication sent to the Allottees conveying the details of the NCDs Allotted to the Allottees in accordance with the Basis of Allotment
Allottee(s)	The successful Applicant to whom the NCDs are being/have been Allotted pursuant to the Issue, either in full or in part.
Applicant/ Investor	A person who makes an offer to subscribe to the NCDs pursuant to the terms of this Shelf Prospectus, relevant Tranche Prospectus(es) and Application Form for the Issue
Application	An application to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form, whether physical or electronic and authorising an SCSB to block the Application Amount in the ASBA Account which will be considered as the application for Allotment in terms of this Shelf Prospectus and the relevant Tranche Prospectus.
Application Amount	Aggregate value of NCDs applied for, as indicated in the Application Form for the respective Tranche Issue.
Application Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA and which will be considered as the Application for Allotment of NCDs in terms of this Shelf Prospectus and the respective Tranche Prospectus.
ASBA	Application Supported by Blocked Amount
ASBA Account	An account maintained with a SCSB which will be blocked by such SCSB to the extent of the Application Amount mentioned in the Application Form made in ASBA mode
Bankers to the Issue	Collectively the public issue account bank(s) and refund bank(s) and as specified in the relevant Tranche Prospectus for each Tranche Issue.
Base Issue	As may be specified in the relevant Tranche Prospectus for each Tranche Issue
Basis of Allotment	As may be specified in the relevant Tranche Prospectus for each Tranche Issue
Brickworks	Brickworks Ratings India Private Limited
Consortium/ Members of the Consortium (each individually, a Member of the Consortium)/ Members of the Syndicate	The Lead Managers and the Consortium Members
Consortium Agreement	Consortium Agreement, to be signed between our Company and the Consortium at each relevant Tranche Issue
Consortium Members	As specified in the relevant Tranche Prospectus(es)
Credit Rating Agency(ies)	The credit rating agencies in connection with this Issue, namely, Brickworks and Acuité
CRISIL	CRISIL Limited
CDP/ Collecting Depository Participant	A depository participant as defined under the Depositories Act, 1996 and registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations

Term	Description
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
Debentures / NCDs	Secured, Redeemable, Non-Convertible Debentures offered through this Shelf Prospectus aggregating up to ₹ 1,00,000 lakhs to be issued by our Company pursuant to this Shelf Prospectus and relevant Tranche Prospectus(es)
Debt Application Circular	Circular no. CIR/IMD/DF 1/20/ 2012 issued by SEBI on July 27, 2012
Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time
Debenture Trustee Agreement	Agreement dated January 8, 2019 entered into between our Company and the Debenture Trustee
Debenture Trust Deed	Deed and/or indenture of trust to be entered into between our Company and the Debenture Trustee which shall be executed within the time limit prescribed by applicable statutory and/or regulatory requirements, for creating appropriate security, in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100% asset cover for the NCDs and the interest due thereon
Deemed Date of Allotment	The date on which the Board or Management Committee of the Board, approves the Allotment of NCDs for each Tranche Issue and or such other date as may be determined by the Board or the Management Committee of the Board and notified to the Stock Exchanges. All benefits under the NCDs including payment of interest (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) will accrue to the NCD Holders from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.
Demographic Details	Details of the investor such as address, occupation, Category, Permanent Account Number ("**PAN**") and bank account details for printing on refund orders, which are based on the details provided by the Applicant in the Application Form.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository(ies)	National Securities Depository Limited and /or Central Depository Services (India) Limited
DP / Depository Participant	A depository participant as defined under the Depositories Act
Designated Branches	Such branches of the SCSBs which shall collect the Applications and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other weblink as may be prescribed by SEBI from time to time.
Designated CDP Locations	Such centres of the Collecting Depository Participants where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the respective websites of the Stock Exchanges and updated from time to time
Designated Date	The date on which Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Account to the Public Issue Account(s) or to the Refund Account, as appropriate, in terms of this Shelf Prospectus and relevant Tranche Prospectus and the Public Issue Account Agreement.
Designated Intermediaries	Collectively, the Members of the Consortium, SCSBs, Registered Brokers, CDPs and CRTAs, who are authorised to collect Application Forms from the Applicants in relation to the Issue.
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges.
Designated Stock Exchange	BSE Limited
Draft Shelf Prospectus	The draft shelf prospectus dated January 15, 2019 filed with the Stock Exchanges for receiving public comments in accordance with the provisions of the Debt Regulations and forwarded to SEBI.
High Net-worth Individual Investors/ HNI Investors/ Category III Investor	Resident Indian individuals or Hindu Undivided Families through the Karta who apply for NCDs for an amount aggregating to a value more than ₹10 lakhs, across all Series of NCDs as specified in the relevant Tranche Prospectus(es)

Term	Description
HNI Portion	Applications received from HNI Investors grouped together across all Series as specified in the relevant Tranche Prospectus(es)
Individual Investors	All categories of persons who are individuals or natural persons (including Hindu Undivided Families acting through their Karta) including without limitation HNI Investors and Retail Individual Investors and other individuals who are eligible under applicable laws to hold the NCDs
Institutional Investor/ Category I Investor	(a) Public financial institutions scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorized to invest in the NCDs; (b) Provident funds, pension funds with a minimum corpus of ₹2,500 lakh, superannuation funds and gratuity funds, which are authorized to invest in the NCDs; (c) Mutual Funds registered with SEBI (d) Venture Capital Funds/ Alternative Investment Fund registered with SEBI; (e) Insurance Companies registered with IRDAI; (f) State industrial development corporations; (g) Insurance funds set up and managed by the army, navy, or air force of the Union of India; (h) Insurance funds set up and managed by the Department of Posts, the Union of India; (i) Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net worth of more than ₹50,000 lakh as per the last audited financial statements; (j) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.
Ind AS	Indian accounting standards (Ind AS) as per Indian Companies (Indian accounting standards) rules, 2015, as amended notified under section 133 of the Act and other relevant provisions of the Act
Issue	Public issue by our Company of 100 lakh secured redeemable non-convertible debentures of face value of ₹ 1,000 each, for an amount aggregating upto ₹ 1,00,000 lakhs
Issue Agreement	Issue Agreement dated January 14, 2019 between the Company and the Lead Managers
Issue Period	Shall mean the period between the relevant Tranche Issue Opening Date and the relevant Tranche Issue Closing Date, both days inclusive i.e. the period in which Applications shall be accepted for NCDs under the Issue
Lead Managers	Edelweiss Financial Services Limited and A.K. Capital Services Limited
Limited Liability Partnership	A limited liability partnership formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), as amended from time to time
Market Lot	1 (one) NCD
NCD Holder (s) / Debenture Holder (s)	The holders of the NCDs whose name appears in the database of the Depository (in case of NCDs in the dematerialized form) and/or the register of NCD holders maintained by our Company/Registrar (in case of NCDs held in the physical form post rematerialisation)
Non Individual Investors	All categories of entities, associations, organizations, societies, trusts, funds, partnership firms (including LLPs), bodies corporate, statutory and/or regulatory bodies and authorities and other forms of legal entities who are NOT individuals or natural persons and are eligible under applicable laws to hold the NCDs including without limitation Institutional Investors and Non Institutional Investors
Non-Institutional Investors/ Category II	(a) Companies within the meaning of section 2(20) of the Companies Act, 2013; (b) Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; (c) Co-operative banks and regional rural banks; (d) Public/private charitable/ religious trusts which are authorised to invest in the NCDs;

Term	Description
	(e) Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; (f) Partnership firms in the name of the partners; (g) Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); (h) Association of Persons; and (i) Any other incorporated and/ or unincorporated body of persons.
Shelf Prospectus	This Shelf Prospectus dated March 29, 2019 filed by our Company with the RoC, SEBI, NSE, BSE, in accordance with the Debt Regulations and provisions of the Companies Act, 2013 read with any addendum/ corrigendum thereto.
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA.OCBs are not permitted to invest in the Issue
Public Issue Account	Account(s) opened with the Bankers to the Issue to receive monies from the ASBA Accounts on the Designated Date
Public Issue Account Bank	As specified in the relevant Tranche Prospectus
Public Issue Account Agreement	As specified in the relevant Tranche Prospectus
Record Date	15 (fifteen) days prior to the relevant Interest Payment Date, relevant Redemption Date for NCDs issued under the relevant Tranche Prospectus or as may be otherwise prescribed by the Stock Exchanges. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the record date and the date of redemption. In event the Record Date falls on a Sunday or holiday of Depositories, the succeeding working day or a date notified by the Company to the stock exchanges shall be considered as Record Date.
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made and as specified in relevant Tranche Prospectus
Refund Bank(s)	As specified in the relevant Tranche Prospectus
Registrar/ Registrar to the Issue	Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited)
Registrar Agreement	The agreement dated January 8, 2019 between our Company and the Registrar in connection with the Issue
Register of NCD Holders	The statutory register in connection with any NCDs allotted pursuant to the Issue which are held in the physical form post rematerialisation, containing name and prescribed details of the relevant NCD Holders, which will be prepared and maintained by our Company/Registrar in terms of the applicable provisions of the Act
Redemption Amount	The amount payable by the Company to the relevant NCD Holder at the time of redemption of NCDs, including any amount of interest accrued as on the Redemption Date as specified in the relevant Tranche Prospectus(es)
Redemption Date	The date on which the Company is liable to redeem the NCDs in full as specified in the relevant Tranche Prospectus(es)
Retail Individual Investors/ Category IV Investors	Resident Indian individuals or Hindu Undivided Families through the Karta who apply for NCDs aggregating to a value not more than ₹10 lakhs, across all Series of NCDs as specified in the relevant Tranche Prospectus(es)
SCSBs or Self Certified Syndicate Banks	The banks registered with the SEBI which offer the facility of ASBA and the list of which is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended from time to time.

Term	Description
Series	As specified in relevant Tranche Prospectus(es)
Shelf Limit	The aggregate limit of the Issue being ₹1,00,000 lakhs to be issued as per the terms of this Shelf Prospectus in one or more tranches
Stock Exchange/s	BSE and NSE
Tenor	Tenor shall mean the tenor of the NCDs as specified in the relevant Tranche Prospectus.
Tranche Issue	Issue of NCDs as per the terms specified in each Tranche Prospectus
Tranche Issue Closing Date	Issue Closing Date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue
Tranche Issue Opening Date	Issue Opening Date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue
Tranche Prospectus	The tranche prospectus containing the details of NCDs including interest, other terms and conditions
Trading Members	Intermediaries registered with a as a lead broker or a sub-broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchanges under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchanges from time to time and duly registered with the Stock Exchanges for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchanges
Transaction Documents	Transaction Documents shall mean, the Issue Agreement, the Registrar Agreement, the Debenture Trustee Agreement and the agreed form of the Debenture Trust Deed to be executed between our Company and the Debenture Trustee
Tripartite Agreements	Tripartite agreement dated December 12, 2018 among our Company, the Registrar and CDSL and tripartite agreement dated December 19, 2018 among our Company, the Registrar and NSDL under the terms of which the Depositories have agreed to act as depositories for the securities issued by the Issuer.
TRS/ Transaction Registration Slip	The slip or document issued by the Lead Managers, Consortium Members, sub-brokers, Trading Members of the Stock Exchange or the designated branches of the SCSB (only on demand), as the case may be, to the Applicant as proof of registration of the Application
Trustees / Debenture Trustee	Trustees for the NCD Holders in this case being Catalyst Trusteeship Limited
Working Days / Business Days	Working Day shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to the Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from the relevant Tranche Issue Closing Date to listing of the NCDs on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018.
Wilful Defaulter	A Person or a company categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes a company whose director or promoter is categorized as such

** The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated in the relevant Tranche Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or the Management Committee of the Board, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or initial date of Issue closure. On the relevant Tranche Issue Closing Date, including such earlier date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchanges.*

Technical & Industry Terms

Term	Description
ALM	Asset Liability Management
ALCO	Asset Liability Management Committee
AUM	Assets under management i.e. loans and advances to customers and assigned or securitized contract balances of our Company on a consolidated basis as of the end of the relevant year/period. AUM includes long-term loans and advances, short-term loans and advances, fixed assets on operating lease and loans securitized / assigned
Bankruptcy Code	The Insolvency and Bankruptcy Code, 2016, as amended from time to time
CPMI	Continuous portfolio monitoring indicators
CSR	Corporate Social Responsibility
CRAR	Capital Adequacy Ratio
DSA	Direct selling agents
DTL	Deferred tax liability
ECBs	External commercial borrowing
ED	Early delinquency
EWI	Early warning indicators
FTB(s)	First Time Buyers
GDP	Gross domestic product
Gross NPAs/GNPAs	Aggregate of receivable from business considered as non-performing assets and non-performing quoted and unquoted credit substitute forming part of stock in trade. Gross NPA is also referred to as GNPAs
HCV	Heavy Commercial Vehicle
HFC	Housing financing company
HFI	Housing finance institution
HR	Human Resource
ID	Infant delinquency
KYC	Know Your Customer
KYC Norms	Customer identification procedure for opening of accounts and monitoring transactions of suspicious nature followed by NBFCs for the purpose of reporting it to appropriate authority
LAP	Loans against property
LC	Loan Company
LCV(s)	Light Commercial Vehicles
LIBOR	London Inter-bank Offered Rate
LTV	Loan to value
MFI	Microfinance Institution
MPVs	Multi-purpose Vehicles
MSIL	Maruti Suzuki India Limited
MHCV	Medium and Heavy Commercial Vehicle
NBFC	Non-Banking Financial Company
NHB	National Housing Bank
Net NPAs	Net non-performing assets as per RBI regulations for banks or NBFCs
NPAs	Non-performing assets
OEM	Original Equipment Manufacturers
PVs	Passenger Vehicles
Public Deposit Directions	The Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016
SLR	Statutory liquidity ratio
SMERA	SMERA Ratings Limited
SCVs	Small Commercial Vehicles
SFO(s)	Small Fleet Operators
SME	Small and Medium Enterprises
SRTO(s)	Small Road Transport Operators
STO(s)	Small Truck Owners
Total Assets	Total assets of our Company

Term	Description
Total AUM	Includes AUM for our Asset Backed Finance, Mortgage Finance and SME Finance businesses
Tier I Capital	As defined under RBI regulations for NBFCs
Tier II Capital	As defined under RBI regulations for NBFCs

Conventional / General Terms

Term	Description
AGM	Annual General Meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
AMC	Asset management company
AS	Accounting Standard notified under the Companies (Accounting Standards) Rules, 2006, as amended
AY	Assessment year
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
Calendar Year	Year ending on December 31of the relevant year
Category III Foreign Portfolio Investors	An FPI registered as a category III foreign portfolio investor under the SEBI FPI Regulations
CBI	Central Bureau of Investigation
CDSL	Central Depository Services (India) Limited
CEO	Chief executive officer
CIN	Corporate identity number
Civil Procedure Code	The Code of Civil Procedure, 1908
Companies Act	The Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 1956	The Companies Act, 1956, as amended and the rules made thereunder to the extent applicable
Companies Act, 2013	The Companies Act, 2013, as amended and the rules made thereunder
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended
Depository Participant	A depository participant as defined under the Depositories Act
DIN	Director identification number
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ESOPs	Employee stock options
F&O	Futures and Options
FDI Policy	Consolidated FDI policy dated August 28, 2017 issued by DIPP and the applicable regulations (including the applicable provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017) made by the RBI prevailing on that date in relation to foreign investments in our Company's sector of business as amended from time to time.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FEMA 20	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as amended from time to time
FII/ FIIs	Foreign Institutional Investor(s)
FPI	Foreign Portfolio Investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
Financial Year / FY/ Fiscal	Financial Year ending March 31
GAAP	Generally accepted accounting principles
GDP	Gross Domestic Product
GoI / Government	Government of India
HFC	Housing finance companies registered under the National Housing Bank Act, 1987
HUF	Hindu Undivided Family

Term	Description
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Ind-AS	Indian accounting standards as notified by the MCA vide Companies (Indian Accounting Standards) Rule 2015 in its G.S.R dated February 16, 2015
Indian GAAP	Generally Accepted Accounting Principles in India
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
IPC	The Indian Penal Code, 1860, as amended
IRDAI	Insurance Regulatory and Development Authority of India
₹ / Rupees / INR	Indian Rupees
IT Act / Income Tax Act	The Income Tax Act, 1961, as amended
ITAT	Income Tax Appellate Tribunal
LLP	Limited Liability Partnership as defined under the Limited Liability Partnership Act, 2008 and rules prescribed as amended from time to time
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
MoU	Memorandum of understanding
NACH	National Automated Clearing House
NCDs	Non-Convertible Debentures
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
Notified Sections	Sections of Companies Act, 2013, as amended that have been notified by the Government of India
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RTGS	Real Time Gross Settlement
SARFAESI Act	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Banks
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Obligations) Regulations, 2015, as amended from time to time.
Stock Exchanges	BSE and NSE
TDS	Tax Deducted at Source
U.K.	United Kingdom
UPI	Unified Payment Intercourse
USSD	Unstructured Supplementary Service Data
US$ / USD / U.S. dollar	United States Dollar, the legal currency of the United States of America
USA / U.S. / United States	The United States of America
WDM	Wholesale Debt Market

Notwithstanding anything contained herein, capitalised terms that have been defined in the chapters titled "*Capital Structure*", "*Regulations and Policies*", "*History and Certain Corporate Matters* ", "*Statement of Tax Benefits*", "*Our Management*", "*Financial Indebtedness*", "*Outstanding Litigations and Defaults", "Financial Statements"* and "*Issue Procedure*" on pages 54, 353, 104, 62, 109, 332, 349, 122 and 394, respectively will have the meanings ascribed to them in such chapters.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Shelf Prospectus that are not statements of historical fact constitute "forward-looking statements." Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "should", "will", "would", or other words or phrases of similar import. All statements regarding our Company's expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, revenue and profitability, planned projects and other matters discussed in this Shelf Prospectus that are not historical facts. These forward-looking statements and any other projections contained in this Shelf Prospectus (whether made by our Company or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- our ability to manage our credit quality;
- interest rates and inflation in India;
- volatility in interest rates for our lending and investment operations as well as the rates at which our Company borrows from banks/financial institution;
- general, political, economic, social and business conditions in Indian and other global markets;
- our ability to successfully implement our strategy, growth and expansion plans;
- competition from our existing as well as new competitors;
- change in the government regulations;
- availability of adequate debt and equity financing at commercially acceptable terms;
- performance of the Indian debt and equity markets; and
- our ability to comply with certain specific conditions prescribed by the GoI in relation to our business changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India.

All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the chapters "*Industry Overview*", "*Our Business*" and "*Outstanding Litigations and Defaults*" on page 70, 83 and 349, respectively. The forward-looking statements contained in this Shelf Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, our Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

Neither the Lead Managers, our Company, our Directors and Officers nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the Debt Regulations, our Company, the Lead Managers will ensure that investors in India are informed of material developments between the date of filing this Shelf Prospectus and relevant Tranche Prospectus with the RoC and the date of the Allotment.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

In this Shelf Prospectus, unless the context otherwise indicates or implies, references to "you," "offeree," "purchaser," "subscriber," "recipient," "investors" and "potential investor" are to the prospective investors to this Issue, references to "our Company", "the Company" or "the Issuer" are to Magma Fincorp Limited.

Unless otherwise stated, references in this Shelf Prospectus to a particular year are to the calendar year ended on December 31 and to a particular "fiscal" or "fiscal year" are to the fiscal year ended on March 31.

All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions and all references to "India" are to the Republic of India and its territories and possessions, and the "Government", the "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

Unless otherwise stated all figures pertaining to the financial information in connection with our Company are on a standalone basis.

Currency and Unit of Presentation

In this Shelf Prospectus, references to "US$" is to the legal currency of the United States and references to "Rs.", "₹" and "Rupees" are to the legal currency of India.

Except where stated otherwise in this Shelf Prospectus, all figures have been expressed in 'lakhs'. All references to 'lakhs / lacs / lac' refer to one lakh.

Except otherwise specified in this Shelf Prospectus, all figures stated in various chapters of this Shelf Prospectus as on and for the six months period ended September 30, 2018 and nine months period ended December 31, 2018 are as per Ind AS and for Fiscals 2018, 2017, 2016, 2015 and 2014 are in Indian GAAP only

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

India has decided to adopt the "Convergence of its existing standards with IFRS" referred to as the "Indian Accounting Standards" or "IndAS". In terms of a notification released by the MCA, our Company is required to prepare its financial statements in accordance with IndAS for accounting periods beginning on April 1, 2018. Accordingly, our financial statements (i) for the six months period commencing from April 1, 2018 and ending on September 30, 2018 prepared under IndAS, may not be comparable to the six months period commencing from April 1, 2018 and ending on September 30, 2018 prepared under Indian GAAP and (ii) for the nine months period commencing from April 1, 2018 and ending on December 31, 2018 prepared under IndAS, may not be comparable to the nine months period commencing from April 1, 2018 and ending on December 31, 2018 prepared under Indian GAAP.

Presentation of Financial Information

Our Company publishes its financial statements in Rupees.

Our Company's financial statements for the year ended March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 have been prepared in accordance with Indian GAAP including the Accounting Standards notified under the Companies Act, 2013, as amended. The Reformatted Standalone Financial Information and the Reformatted Consolidated Financial Information are included in this Shelf Prospectus and collectively referred to hereinafter as the "*Reformatted Financial Information*". The examination report on the Reformatted Standalone Financial Information and Reformatted Consolidated Financial Information, as issued by our Company's Statutory Auditors, BSR & Co LLP, Charted Accountants, are included in this Shelf Prospectus in the chapter titled *"Financial Statements"* beginning on page 122.

Further the Company has also included the Q2 Unaudited Financial Results for the half year ended September 30, 2018 submitted pursuant to Regulation 33 of SEBI LODR Regulation and prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under IndAS as per Section 133 of Companies Act, 2013 and relevant rules issued thereunder. Further details please see "*Financial Statements*" on the page 122.

Further the Company has also included the Q3 Unaudited Financial Results for the quarter and nine months period ended December 31, 2018 submitted pursuant to Regulation 33 of SEBI LODR Regulation and prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under IndAS as per Section 133 of Companies Act, 2013 and relevant rules issued thereunder. Further details please see "*Material Developments*" on the page 328. Any financial information under IndAS for the half year ended September 30, 2018 and the nine months and period ended December 31, 2018 are not comparable with those in the Reformatted Financial Information since they have been prepared under different accounting frameworks.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Unless stated otherwise, macroeconomic and industry data used throughout this Shelf Prospectus has been obtained from publications prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed, and their reliability cannot be assured. Although our Company believes that the industry data used in this Shelf Prospectus is reliable, it has not been independently verified.

Industry and Market Data

Unless stated otherwise, macroeconomic and industry data used throughout this Shelf Prospectus has been obtained from the CRISIL Reports prepared by CRISIL Research and from publicly available data prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed, and their reliability cannot be assured. Although the Issuer believes that the industry data used in this Shelf Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Shelf Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

While we have compiled, extracted and reproduced data from external sources, including third parties, trade, industry or general publications, we accept responsibility for accurately reproducing such data. However, neither we nor the Lead Managers have independently verified this data and neither we nor the Lead Managers make any representation regarding the accuracy of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Lead Managers can assure potential investors as to their accuracy.

CRISIL Disclaimer

For details please see "*Industry Overview*" on page 70.

SECTION II - RISK FACTORS

Prospective investors should carefully consider all the information disclosed in this Shelf Prospectus, including the risks and uncertainties described below, before making an investment in the NCDs. The risks described below are not the only risks relevant to us or the NCDs or the industry in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business prospects, results of operations and financial condition. In order to obtain a complete understanding about us, prospective investors should read this section in conjunction with chapter "Our Business" on page 83. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, results of operations and financial condition could be adversely affected, the trading price of the NCDs could decline, and investors may lose all or part of the value of their investment. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

This Shelf Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Shelf Prospectus. For further information, see "Forward-Looking Statements" on page 14.

Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on our Reformatted Financial Information, our Q2 Unaudited Financial Results or our Q3 Unaudited Financial Results, included in this Shelf Prospectus. For further information, see "Financial Statements" on page 122.

In this section, unless the context otherwise requires, a reference to "our Company" is a reference to Magma Fincorp Limited on a standalone basis, while any reference to "we", "us" or "our" is a reference to Magma Fincorp Limited on a consolidated basis.

RISKS RELATING TO OUR BUSINESS

1. Any disruption in our sources of funding could adversely affect our liquidity and financial condition.

The liquidity and profitability of our business depends, in large part, on our timely access to, and the costs associated with, raising funds. Our funding requirements historically have been met from limited sources, including shareholder funding, securitized and assigned receivables, secured and unsecured non-convertible debentures and secured and unsecured loans, including rupee-denominated term loans, cash credit facilities from banks and financial institutions. Our business thus depends and will continue to depend on our ability to access these funding sources and our ability to diversify our funding sources. Our ability to raise funds on acceptable terms and at competitive rates also depends on various factors including our current and future results of operations and financial condition, our risk management policies, our credit ratings, our brand equity, any adverse action by a regulatory authority, the regulatory environment and policy initiatives in India and developments in the international markets affecting the Indian economy. For instance, recent regulatory developments have affected NBFCs' access to select funding sources and have affected their costs of borrowings including through funding from banks and securitization and assignment transactions. See "*– Priority sector lending requirements adhered to by scheduled commercial banks may increase our cost of funding and adversely affect our business, results of operations and financial condition*". Changes in economic, regulatory or financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition.

2. As an NBFC, non-compliance with the RBI's observations made during its periodic inspections could expose us to penalties and restrictions which could have a material adverse effect on us.

As an NBFC, we are subject to periodic inspections by the RBI under Section 45N of the RBI Act, pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI.

In our past inspection report, RBI had communicated change of our classification from an asset finance company (AFC) to a loan company, citing lower than prescribed financing of physical assets supporting productive/ economic activity. Our Company has made representations to the RBI of actions taken including improving our asset composition which meets the AFC criteria as on September 30, 2018 along with the supporting documents. As per the RBI Circular (DNBR (PD) CC.No.097/03.10.001/2018-19) dated February 22, 2019 it was decided to merge three categories of NBFCs i.e. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC). Our Company has w.e.f. February 22, 2019 been recategorised as an NBFC-ICC.

Further, RBI has made other observations in relation to, among others: (i) capital adequacy being assessed at a lower ratio than reported by our Company even though higher than the statutory minimum (ii) the ratio of Gross NPA to total assets and Net NPA to total assets being assessed on a higher side requiring our company to indicate road map to bring Net NPA below 4%; (iii) repetition of earlier observations of RBI; (iv) certain deficiencies in our systems and processes, including in relation to our reporting of our Company's exposure to the real estate sector, microfinance institutions and micro/small and medium enterprises etc.

Our Company has by way of its replies updated RBI of measures undertaken to improve asset quality and portfolio quality by introducing early warning and continuous monitoring indicators for all new portfolios, which would result in reducing Gross and Net NPA. Our Company has also submitted that our Company has adopted the Expected Credit Loss ("ECL") method of provisioning, which requires our Company to make substantially higher provisioning as compared to the applicable RBI requirements. Further, our Company has started tagging micro/small and medium enterprises.

While, we believe we have appropriately addressed all observations and concerns raised by the RBI, we cannot assure you that the RBI will be satisfied by such responses. Further, we cannot assure you that the RBI or any other regulatory authority will not make similar or additional observations in the future or that we will be able to respond to all such queries to the satisfaction of the RBI or such other authorities. In the event we are unable to satisfactorily address the observations of the RBI or are unable to comply with any specified RBI requirements for any reason, we may be subject to monetary sanctions and may also be restricted in our ability to conduct our business. Any such outcome would have a material and adverse effect on our business, financial condition and reputation.

3. ***Any adverse developments in the asset backed financing industry could adversely affect our business and results of operations.***

We are primarily engaged in providing asset backed financing for cars, commercial vehicles, construction equipment, tractors, pre-owned vehicles and auto lease to customers in rural and semi-urban markets. In Fiscal 2016, 2017, 2018 and the nine months ended December 31, 2018, our disbursement was ₹ 7,18,030.54 lakhs, ₹ 6,71,581.70 lakhs, ₹7,28,680.17 lakhs and ₹ 6,17,350.03 lakhs, respectively. Our revenue from operations includes operating result from general insurance business and other Joint Venture(s) upto March 31, 2018. However, revenue from operations for nine months ended December 31, 2018 excludes operating result from general insurance business and other Joint Venture(s) as consolidation under IND AS is done using Equity pick up method. Accordingly, revenue from operations in Fiscal 2016, 2017, 2018 and the nine months ended December 31, 2018 was ₹ 2,47,219.54 lakhs, ₹ 2,35,033.24 lakhs and ₹2,24,205.29 lakhs and ₹ 1,83,519.69 lakhs, respectively and total profit after tax (before minority interest) for such periods was ₹ 21,347.87 lakhs, ₹ 1,273.23 lakhs, ₹ 23,042.41 lakhs and ₹ 21,870.66 lakhs, respectively. Our asset portfolios include, and will likely continue to include, a high concentration of financing arrangements for vehicles in rural and semi-urban markets. The success of our business thus depends on various factors that affect demand for such vehicles, including the demand for transportation services in India, changes in Indian regulations and policies affecting utility vehicles, tractors, commercial vehicles and cars, natural disasters, calamities, fuel prices, monsoons and other macroeconomic conditions in India and globally. This may result in a decline in the sales or value of new and pre-owned vehicles. Such factors may also affect the business of our customers, which in turn will affect their ability to perform their obligations under the existing financing agreements. Any decline in sales of, or in demand for financing for, utility vehicles, tractors, cars or commercial vehicles or non-performance of the existing financing agreements could adversely affect our business and results of operations.

4. ***Our inability to compete effectively in increasingly competitive industries may adversely affect our net interest margins, income and market share.***

We provide loans primarily to customers residing in rural and semi-urban markets. We operate in a highly competitive environment and we expect competition to intensify in the future. Our competitors include established Indian and foreign commercial banks, NBFCs, HFCs and small finance banks. We may also face competition from unorganized smaller market participants who are prevalent in semi-urban and rural area, local money lenders in rural areas that are also focused on lending to underserved segments and micro, small and medium enterprises. In particular, many of our competitors may have operational advantages in terms of access to cost-effective and diversified sources of funding, broader knowledge resources and client base, better brand recognition, and implementation of new technologies and rationalizing related operational costs. In addition, interest rate de-regulation and other liberalization measures affecting the vehicle financing sector, together with increased demand for capital, have resulted in increased competition. Any increase in competition may reduce our market share, decrease growth in our business, increase operating expenses and reduce our customer base, which could adversely affect our financial condition and results of operations.

Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our inability to secure low-cost funding, and the interest rates at which we lend to our customers. Accordingly, our ability to maintain or increase our margins will be dependent on our ability to pass on increases in the interest rates on our interest-bearing liabilities to our customers. Moreover, any increases in the interest rates on the loans we extend may also result in a decrease in business. Further, the financial services industry in India is undergoing significant technological and other changes. We use technology in many aspects of our business. If we do not anticipate, innovate, keep pace with or adapt to technological and other changes impacting the Indian financial services industry, it could harm our ability to compete in the market, decrease the attractiveness of our products to customers and materially and adversely affect our business prospects. We cannot assure you that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive vehicle finance industry. Increasing competition may adversely affect our net interest margins, income and market share.

The general insurance market in which we operate is highly competitive. Competition in the insurance business is based on many factors. These factors include the perceived financial strength of the insurer, premium charged, policy terms and conditions, product features, services provided, distribution network and access to services and service personnel, brand and reputation, and financial ratings assigned by independent rating agencies. Our primary competitors are private and public sector general insurance companies and various types of asset management entities in the insurance and financial markets. In addition, we face potential competition from commercial banks, which are permitted to invest in, or form alliances with, insurance companies to offer insurance products and services that compete against those offered by us. Closer integration between the insurance and banking sectors may potentially better align their economic interests and increase incentives for banks to distribute insurance products and services of their insurance business affiliates and partners instead of ours.

In addition, we also face competition from larger and more established players who may focus on the markets that we currently operate. Increased competition could adversely affect our ability to attract and retain business, the expense of customer acquisition and retention to increase, lead to decrease in our margins and spreads and thereby reduce our profitability.

5. ***Our business operations involve transactions with relatively high risk borrowers. Any default from our customers could adversely affect our business, results of operations and financial condition.***

We offer a wide range of financial products and services that address the specific financing requirements of low and middle income individuals as well as micro, small, and medium enterprises. Similarly, our housing loans are focused on affordable housing and vehicle loans are principally focused on consumers with limited access to capital through formal banking channels. A significant portion of our customer base is typically less economically stable than large corporates, and as a result, is usually adversely affected by declining economic conditions. Earning capacity of customers in these segments depends on various macro and micro economic factors that affect them from time to time.

We have a greater risk of loan defaults and losses in the event there are adverse economic conditions which may have a negative effect on the ability of our borrowers to make timely payments of their loans.

A significant portion of our target customers typically have limited access to credit with limited to no prior credit history. As a result, we are more vulnerable to customer default risks including delay in repayment of principal or interest on our loans. Although we have our own customised due diligence and credit analysis procedures, there can be no assurance that we will be able to ensure a lower delinquency rate. Our profitability depends on our ability to evaluate the right income levels of our customers, assess the credit risks and to price our loans accordingly. For further information, see "*Our Business*" on page 83.

Our customers may default on their obligations as a result of various factors including bankruptcy, insolvency, lack of liquidity and/or failure of the business or commercial venture in relation to which such borrowings were sanctioned. Certain product segments and micro-enterprise loans in particular, are mostly unsecured and are susceptible to higher levels of credit risks. For further information, see "*– Some of the loans we provide are unsecured and are susceptible to certain operational and credit risks which may result in increased levels of NPAs which may adversely affect our business, prospects, results of operations and financial condition."* on page 31. Additionally, although our asset backed financing and mortgage financing segments involve certain collateral, we may still be exposed to defaults in payment, which we may not be able to fully recover. For further information, see " *– Our inability to recover the full value of collateral or amounts outstanding under defaulted loans in a timely manner or at all could adversely affect our results of operations.*" on page 21. If our borrowers fail to repay loans in a timely manner or none at all, our business prospects, financial condition and results of operations will be adversely impacted.

6. If we are unable to control the level of NPAs in our portfolio effectively or if we are unable to improve our provisioning coverage as a percentage of gross NPAs, our financial condition and results of operations could be adversely affected.

Our customer base includes small enterprises who are generally less financially resilient. Many of our customers are generally perceived to be relatively high credit risks and consequently, the loans made to them bear a higher rate of interest than loan to other customers. However, these loans involve a higher probability of default, higher delinquency rates and greater servicing costs, in particular during declining economic conditions. Our profitability depends on our ability to evaluate properly the credit risks and to price our loans accordingly.

As of March 31, 2016, 2017 and 2018, and as of December 31, 2018, our gross NPAs as a percentage of our gross advances were 8.1%, 6.7%, 7.0% and 6.3%, respectively, and our net NPAs as a percentage of our net advances were 6.4%, 5.6%, 5.2% and 4.0%, respectively. For further details, please see "*Our Business-Overview*" on page 83.

Various factors that are beyond our control, such as macro-economic factors (including a rise in unemployment, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates) regulatory hurdles and global competition as well as customer specific factors such as willful default and mismanagement of a customer's operations, may cause a further increase in the level of NPAs and have an adverse impact on the quality of our loan portfolio. If our NPAs increase, we will be required to increase our provisions, which would result in our net profit being less than it otherwise would be and would adversely affect our financial condition. There can be no assurance that the rates of future NPAs and losses will be consistent with prior experience or at levels that will maintain our profitability, that the credit performance of our customers will be maintained, that our credit and our underwriting analysis, servicing and collection systems and controls will continue to be adequate. We may also not be successful in our efforts to improve collections and/or foreclose on existing NPAs. In addition, as our loan portfolio matures, we may experience greater defaults in principal and/or interest repayments. Thus, if we are unable to control or reduce our level of NPAs, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected.

The RBI regulates some aspects of the recovery of non-performing loans, such as the use of recovery agents. Any limitation on our ability to recover, control and reduce non-performing loans as a result of these guidelines or otherwise could affect our collections and ability to foreclose on existing NPAs.

The RBI's Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time, prescribe the provisions required in respect of our outstanding loan portfolio, which was followed till March 31, 2018. However, under IndAS, the provisioning with respect to our outstanding loan portfolio is required to be calculated as per the expected credit loss (ECL) method and such provisioning has been done from April 1, 2018.

As of March 31, 2016, 2017 and 2018 and as of December 31, 2018, our NPA provisioning coverage ratio was 21.4%, 17.7%, 27.2% and 38.1%, respectively. In the event the overall credit quality of our loans deteriorates, the current level of our provisioning may be inadequate to cover the increase in our NPAs. There can be no assurance that there will be no deterioration in the provisioning coverage as a percentage of gross NPAs or otherwise or that the percentage of NPAs that we will be able to recover will be similar to our past NPA recovery experience.

If we are unable to control the level of our NPAs, the overall quality of our loan portfolio could deteriorate, our credit ratings could be downgraded and our cost of funds could increase, any of which could have a material adverse effect on our financial condition and results of operations.

7. ***Our inability to recover the full value of collateral or amounts outstanding under defaulted loans in a timely manner or at all could adversely affect our results of operations.***

For each vehicle financing arrangement, we sanction an amount of credit that is less than the value of the vehicle which we take as collateral. We regulate this amount through our restrictions on the loan to value ("**LTV**") ratio of each financing. We take other collateral such as houses as collateral against the credit that we extend in our housing finance business. The value of the collateral, however, may decline during the term of the loan for a variety of reasons, including depreciation and deterioration. As a result, if our customers default, we may receive less money from liquidating collateral than is owed under the relevant financing facility, and, in turn, incur losses, even where we successfully repossess and liquidate the collateral. While we require borrowers to secure a guarantee on the basis of their profile, we may not be able to enforce or collect the amount owed under such guarantee, if at all.

We may also encounter difficulties in repossessing and liquidating collateral. When a customer defaults under a financing facility, we typically repossess and then sell the collateral through an auction. There is no assurance, however, that we will be able to successfully repossess the collateral in the event of default under a loan agreement. For instance, for our housing finance business, certain ownership documents of the immovable properties that are mortgaged to us may not be duly registered or adequately stamped. Failure to adequately stamp and register a document renders the document inadmissible in evidence. Consequently, should any default arise in relation to the corresponding loans, we may be unable to, or may incur additional expenses to, enforce our rights in relation to such mortgaged properties. We may also not be able to sell the collateral at a price sufficient to cover the amount owed under the financing facility, or at all. We may face additional delay and expense in conducting an auction to sell the collateral and may face significant delay in repossessing collateral, as litigation against defaulting customers, even if governed by an arbitration clause, can be slow and expensive in India, and may cause a further delay in our recovery process leading to depreciation of the secured asset. In the event of any inability or delay in the repossession and liquidation of the collateral securing loans in default, we may incur losses, which could adversely affect our results of operations and financial condition.

8. ***Non-compliance with the NHB's observations or directions made during its periodic inspections or otherwise could expose our Subsidiary, MHFL to certain penalties and restrictions***.

Our housing finance business as carried out by MHFL is subject to periodic inspection by the NHB under the NHB Act, 1987 (the "**NHB Act**"), pursuant to which the NHB inspects the books of accounts and other records of MHFL for the purpose of verifying the compliance by MHFL of the requirements stipulated by NHB, the correctness or completeness of any statement, information or particulars furnished to the NHB.

In the past, NHB has issued certain observations to MHFL, pursuant to its periodic inspections in connection with MHFL's operations including the overstatement of tier-I capital, net owned fund and capital adequacy ratio by MHFL, non-compliance with certain requirements with respect to asset classification, dependence on parent, loan to value ratio, interest chargeable and levy of foreclosure charges/pre-payment penalties on floating rate term loans.

In the event MHFL is unable to resolve these deficiencies observed by the NHB during such inspections or otherwise to the NHB's satisfaction, it may result in a restriction of our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations or directions made by the NHB, we could be subject to penalties and restrictions which may be imposed by the NHB. Imposition of any penalty or adverse finding by the NHB during the ongoing or any future inspection may have a material adverse effect on our reputation, business, financial condition and results of operations.

9. ***Non-compliance with the IRDAI's observations or directions made during its periodic inspections or otherwise could expose our Joint Venture, MHDI to certain penalties and restrictions.***

Our Joint Venture, MHDI, which is engaged in the general insurance business, is subject to periodic inspection by the IRDAI under the IRDA Act, pursuant to which the IRDAI inspects the books of accounts and other records of MHDI for the purpose of verifying the compliance by MHDI of the requirements stipulated by IRDAI, the correctness or completeness of any statement. Inspection by the IRDAI is a regular exercise and is carried out periodically by the IRDAI for all insurance companies pursuant to the IRDA Act. .

Pursuant to the inspection, IRDAI has issued certain observations to MHDI seeking clarification on the issue relating to payments of commission to corporate agents , method of calculation of solvency margin, issuance of policy to customers, appointment of surveyors, use of intermediaries in placement of reinsurance out of India, outsourcing, advertisement and reserving.

MHDI has provided a detailed response to each of these issues and a final order in this respect is yet to come. In the event MHDI is unable to satisfactorily reply to the observations to IRDAI, the IRDAI may issue appropriate directions to the Company or impose penalty against MHDI with respect to these observations.

10. We may face asset-liability mismatches, which could affect our liquidity and adversely affect our business and results of operations.

We face potential liquidity risks because our assets and liabilities mature over different periods. Assets and liability mismatch, which represents a situation when the financial terms of an institution's assets and liabilities do not match, is a key financial parameter for us. We have an asset-liability mismatch in various time-buckets mainly due to standard one year tenure of our working capital facilities in form of cash credit from banks, renewable at the end of one year, but which may or may not be renewed at the end of the tenure at the discretion of the bank.

We also meet a significant portion of our financing requirements through long-term borrowings from sources such as term loans from banks and financial institutions and issuance of NCDs. Our ability to raise funds on acceptable terms, at competitive rates and in a timely manner, depends on various factors including factors relating to us and our business for e.g. our current and future results of operations and financial condition, our risk management policies, our credit ratings, our brand equity and external factors like the regulatory environment and policy initiatives in India, developments in the domestic and international markets affecting the Indian economy and market sentiments affecting the NBFC and HFC industry. For e.g. NBFCs and HFC have been facing liquidity issues since Q2 of Fiscal 2019 when certain NBFCs in India defaulted on inter-corporate deposits and commercial papers, resulting in tightening of overall liquidity to these sectors.

We cannot assure you that our business will continue to generate sufficient cash to enable us to service our existing debt or to fund our other liquidity needs. Further, changes in economic, regulatory and financial conditions or lack of liquidity in the market due to internal as well as external factors could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition.

11. We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our net interest income to decline and adversely affect our return on assets and profitability.

A significant component of our revenue is the interest income we receive from the loans we disburse, which represented 89.96% of our total revenue in Fiscal 2018 and 91.25% of our total revenue in the nine months ended December 31, 2018.

Our interest income is affected by any volatility in interest rates in our lending operations. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically generated a relatively high degree of volatility in interest rates in India. Persistently high inflation in India may discourage the Government from implementing policies that would cause interest rates to decrease. Moreover, if there is an increase in the interest rates we pay on our borrowings that we are unable to pass to our customers, we may find it difficult to compete with our competitors, who may have access to low-cost funds. Further, to the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than lenders that borrow only at fixed interest rates.

Fluctuations in interest rates may also adversely affect our treasury operations. In a rising interest rate environment, especially if the rise is sudden or sharp, we could be adversely affected by the decline in the market value of our securities portfolio and other fixed income securities. We cannot assure that we will enter into any interest rate hedging instruments to adequately hedge against interest rate volatility in the future.

Further, pursuant to our loan agreements with customers, we lend money on both floating and fixed interest rate basis. The agreement for lending on fixed interest rate basis, typically does not include provisions that interest rates due under our loan agreements will increase if interest rates in the market increase. Our inability to effectively and efficiently manage interest rate variations and our failure to pass on increased interest rates on our borrowings may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, future financial performance and result of operations.

12. Priority sector lending requirements adhered to by scheduled commercial banks may increase our cost of funding and adversely affect our business, results of operations and financial condition.

Pursuant to the RBI master circular dated July 1, 2015, as amended, and master directions dated July 7, 2016 on priority sector lending-targets and classification, as amended, scheduled commercial banks operating in India are required to maintain 40% of their adjusted net bank credit or the credit equivalent amount of their off balance sheet exposure, whichever is higher, as priority sector advances Within the above aggregate threshold of 40%, there are identified thresholds which such scheduled commercial banks are required to meet with respect to loans to the agriculture, micro and small enterprises, low-income housing projects, renewable energy, exports and similar sectors where the Government seeks to encourage the flow of credit to stimulate economic development in India. . Foreign banks with 20 or more branches in India are also required to maintain such 40% priority sector lending, while foreign banks with less than 20 branches are required to achieve such 40% priority sector lending in a phased manner i.e. 32% by Fiscal 2016, 34% by Fiscal 2017, 36% by Fiscal 2018, 38% by Fiscal 2019 and 40% by Fiscal 2020. Commercial banks in the past have relied on specialized institutions, including NBFCs, to provide them with access to qualifying advances through lending programs and loan assignments, which may lead to more competition for us and may adversely affect our business and results of operations.

Any such changes in priority sector guidelines by RBI may adversely affect our business and operations. While scheduled commercial banks may still choose to lend to NBFCs they may charge higher rates to do so because these loans no longer count towards their priority sector lending requirements. This may lead to an increase in the rates at which such loans have historically been offered to us, thus increasing our borrowing costs and adversely affecting our financial condition and results of operation.

As a result of these developments, our access to funds and the cost of our capital may be adversely affected and to the extent we are unable to secure replacement funding at similar cost or at all, our results of operations could be adversely affected.

13. Our inability to maintain relationships with our sourcing intermediaries could have an adverse effect on our business, prospects, results of operations and financial condition.

In addition to our sales team, we have entered into commercial arrangements with sourcing intermediaries, which include commission based DSAs. If we are unable to provide services required by these sourcing intermediaries on a timely basis or offer products that meet the needs of customers referred by them, the number of such arrangements and amount of loans originated by them, could decrease and adversely affect our business, prospects, financial condition and results of operations.

As of December 31, 2018, we had over 4,000 sourcing intermediaries in our finance business. These are non-exclusive arrangements and our loan origination is dependent to an extent on continuing such relationships on commercially reasonable terms. There can be no assurance that we will be successful in maintaining our relationships with these sourcing intermediaries. These sourcing intermediaries could originate loans for our competitors thereby adversely affecting our business prospects. In addition, sourcing intermediaries may not be able to effectively market our loan products, and any misbehavior or misrepresentation by these sourcing intermediaries to the customers may impair or harm our reputation. If our relationships with these sourcing intermediaries are discontinued or such arrangements are affected or modified, our ability to originate loans may be affected which may in turn adversely affect our business, prospects, financial condition and results of operations.

14. A significant portion of our collections from customers is in cash, exposing us to certain operational risks.

A significant portion of our collections from our customers is in cash. Large cash collections expose us to the risk of theft, fraud, misappropriation or unauthorized transactions by employees responsible for dealing with such cash collections. These risks are exacerbated by the high levels of responsibility we delegate to our employees and the geographically dispersed nature of our network. We primarily cater to customers in rural and semi-urban markets, which carry additional risks due to limitations on infrastructure and technology.

While we have implemented technology that tracks our cash collections, taken insurance policies, including fidelity coverage and coverage for cash in safes and in transit, and undertaken measures to detect and prevent unauthorized transactions, fraud or misappropriation, this may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. We may also be party to criminal proceedings and civil litigation related to our cash collections.

Our business is also susceptible to fraud by dealers, distributors and other agents through the forgery of documents, multiple financing of the same vehicle and unauthorized collection of instalments on behalf of our Company. Given the high volume of transactions involving cash processed by us, certain instances of fraud and misconduct by our representatives or employees may go unnoticed for some time before they are discovered and others successfully rectified. Even when we discover instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, there can be no assurance that we will recover any amounts lost through such fraud or other misconduct. Our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of such systems will result in losses that are difficult to detect or rectify.

15. Our Company has incurred significant indebtedness and may incur additional debt. The conditions and restrictions imposed by our financing agreements could adversely impede our flexibility in conducting our business.

As December 31, 2018, our Company had total borrowings i.e. debt securities, borrowings (other than debt securities) and subordinated liabilities of ₹ 10,57,851.65 lakhs. Our level of indebtedness has important consequences to us, such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- affecting our credit rating;
- limiting our ability to borrow further now and in the future;
- affecting our capital adequacy requirements; and
- increasing our interest expenditure.

Most of our financing arrangements are secured by our movable and immovable assets. Further, our financing arrangements also contain other restrictive covenants, including, but not limited to:

- to declare or pay dividend to any of its shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
- to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction;
- Encumbering or creating any charge over our assets;
- to amend its MOA and AOA or alter its constitution;
- to change the ownership or control of our Company; and
- to make any major investments by way of deposits, loans or share capital in any manner.

Compliance with the various terms of our loans and debentures is subject to interpretation and we cannot assure you that we have requested, received or will receive all consents from our lenders that would be advisable under our financing documents. As a result, it is possible that a lender could assert that we have not complied with certain terms under our financing documents. Any failure to service our indebtedness, comply with a requirement to obtain consent or perform any condition or covenant could impede our flexibility in conducting our business, which may have an adverse effect on our business and results of operations.

16. Our Company, Directors, Promoters, Subsidiary and Group Companies are involved in certain legal and other proceedings. Any adverse outcome in such proceedings may have an adverse effect on our business, results of operations and financial condition.

Our Company, Directors, Promoters, Subsidiary and Group Companies are contesting certain legal proceedings at various courts, including certain civil, criminal and taxation cases that have been filed against our Company. For further information of the criminal, taxation and other material proceedings that our Company, Directors, Promoters, Subsidiary and Group Companies are subject to, see "*Outstanding Litigation and Defaults*" on page 349. Any adverse decision in any of these cases may adversely affect our business and financial condition. We cannot assure that the outcome of these legal proceedings will be favorable. Such litigation could consume our financial resources in their defense or prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, results of operations and financial condition could be adversely affected.

17. We have certain contingent liabilities, which, if materialized, may adversely affect our financial condition.

As of March 31, 2018, our Company had certain contingent liabilities not provided for, amounting to ₹ 36,906.11 lakhs determined in accordance with our accounting policies as disclosed under our significant accounting policies and notes to the accounts. The following table sets forth certain information relating to future payments due under known commitments and also contingent liabilities not provided for as of March 31, 2018 on a standalone basis:

	As of March 31, 2018 (Standalone) (₹ lakhs)
a) Contingent Liabilities	
1. Claims against our Company not acknowleged as a debt	
Income tax matters under dispute	265.52
VAT matters under dispute	321.46
Service tax matters under dispute	431.29
Legal cases against our Company*	123.96
2. **Guarantees**	
Unexpired bank guarantee	35,763.88
b) **Commitments**	
Estimated amount of contracts remaining to be executed on capital account and not provided for	909.39

Note: Above excludes contingent liability, if any, on account of service tax and fringe benefit tax, which is not quantifiable

** Our 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.*

In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. For further information on such contingent liabilities, see "*Financial Statements*" on page 122. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

18. Any downgrade in our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, would negatively affect our net interest margin and our business.

The cost and availability of capital is dependent on our short-term and long-term credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our current ratings indicate a lower degree of safety as regards timely servicing of financial obligations and carrying higher credit risk, as compared to our competitors. For further information about credit ratings, see "*Our Business – Credit Ratings*" on page 100.

Any downgrade of our credit ratings would further increase borrowing costs and constrain our access to capital and debt markets and, as a result, negatively affect our net interest margin and our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. A downgrade of our credit ratings could also result in our lenders accelerating the repayment of certain of our borrowers in accordance with the terms of our borrowing arrangements with lenders. The ratings provided by the rating agencies may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions.

19. An inability to effectively manage our growth, sustain our rate of growth, or maintain operational efficiencies, may adversely affect our business and we may not be able to increase our revenues or maintain our profitability.

We have experienced significant growth in recent times and our current growth strategy includes increasing the number of loans we extend, diversifying our product portfolio, aligning it based on the changing business environment and requirements of our customers and expanding our customer base. However, we cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to expand further or diversify our product portfolio. If we increase the number of loans we extend too quickly or fail to properly assess credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which may adversely affect the quality of our assets and our results of operations and financial condition.

We also face a number of operational risks in executing our growth strategy. As part of our growth strategy, we have experienced rapid growth in our vehicle finance business, our office network has expanded significantly and we are expanding to additional smaller towns and cities within India. Our rapid growth exposes us to a wide range of risks, including business and management risks, such as the possibility that a number of our impaired loans may increase faster than anticipated or that we fail to understand the new markets we enter into, as well as operational risks and fraud, regulatory and legal risks. It will also place sufficient demands on our management, financial and other resources and will require us to continuously develop and improve our operational, financial and internal controls.

Moreover, our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, maintaining effective risk management policies, continuing to offer products which are relevant and cost effective for our target customers, training managerial personnel to address emerging challenges, developing and maintaining technical infrastructure and systems and ensuring a high standard of customer service. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to evolving internal controls and risk management procedures. Failure to train our employees for the above operational controls may result in loss of business, erosion of the quality of customer service, diversion of management resources, an increase in our exposure to high-risk credit, significant costs and an increase in employee attrition rates, any of which could adversely affect our business.

While we try to balance our AUM / disbursals depending on the business environment and respective risk parameters, this approach may not always be successful in the event markets does not turn out in the anticipated manner or there may arise differences that may adversely impact our business.

20. We face difficulties and incur additional expenses in operating in rural and semi-urban markets, where infrastructure may be limited.

We cater primarily to customers in rural and semi-urban markets, which may have limited infrastructure, particularly for transportation and electricity. At offices in remote markets, we may face difficulties in conducting operations, such as accessing power facilities, transporting people and equipment, implementing technology measures. We may also face increased costs in conducting our business and operations and implementing security measures. We cannot assure you that such costs will not increase in the future as we expand our network in rural and semi urban markets, which could adversely affect our profitability.

Moreover, certain of our customers are farmers residing in rural and semi-urban areas and our results of operations are affected by risks specific to their businesses. For example, the agriculture industry in India is substantially dependent on monsoons. Extreme weather conditions such as drought, insufficient rainfall or floods may potentially affect the quality and quantity of farming production in a given year, thereby adversely affecting the ability of our farmer customers to repay their loans.

21. Our results of operations and financial condition are dependent upon the performance, operations, and prospects of the overall Indian automotive market. Any adverse development in the Indian automotive

sector or in government policies affecting this industry, including the new and used vehicle financing industry, could adversely affect our business and results of operations.

As our business operations primarily relate to financing of new and used commercial and personal vehicles, our assets and NPAs have, and will likely continue in the future to have, a high concentration of vehicle financing loans. Our business is dependent on various factors that impact the automotive industry, such as the demand for vehicles and transportation services in India, the costs of raw materials for manufacture of vehicles, levy of additional duties and taxes, changes in Indian regulations, customer preferences and government policies affecting used and new commercial vehicles. For instance, the Supreme Court of India imposed a ban on the sale of vehicles not complying with Bharat Emission Standards IV. Such regulatory amendments or orders of the judiciary may lead to a decline in our disbursements and adversely affect our business, results of operations and prospects.

We have a great risk of loan defaults and losses in the event the commercial vehicle segment in particular experiences weak demand within the automotive industry, as adverse economic conditions may have a negative effect on the ability of our borrowers to make timely payments of their loans.

Furthermore, demand for finance for used and new commercial vehicles may decline and the ability of commercial vehicle owners and/or operators to perform their obligations under existing financing agreements may be adversely affected. As a result, any factor which adversely impacts the automotive industry may have an adverse impact on our operations, profitability and/or cash flows. There can be no assurance that we will be able to react effectively to these or other market developments.

22. ***Internal or external fraud or misconduct by our employees could adversely affect our reputation and our results of operations.***

In the past, we have been subject to acts of fraud committed by our employees and customers of a non-material nature. Misconduct by our employees could also include binding us to transactions that exceed authorised limits or present unacceptable risks or concealing unauthorized or unlawful activities from us.

For our vehicle financing business, we allow customers to repay their loans using the direct cash collection model. Large cash collections expose us to the risk of fraud, misappropriation or unauthorized transactions by our representatives and employees responsible for dealing with such cash collections. In addition, as our housing and SME finance businesses operate on a decentralized credit delivery model, there is a greater risk of fraud by our employees. While we have taken out insurance for cash in safes and in transit, and we have put in place systems to detect and prevent any unauthorized transaction, fraud or misappropriation by our representatives and employees, this may not be effective in all cases. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. Employee misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm.

It is not always possible to deter fraud or misconduct by employees and customers and the precautions we take and the systems we have put in place to prevent and deter such activities may not be effective in all cases. Any instances of such fraud or misconduct could adversely affect our reputation, business, results of operations and financial condition.

23. ***Our business may be affected by seasonal trends in the Indian economy. Any significant event such as unforeseen floods, earthquakes, epidemics or economic slowdowns during this peak season would materially and adversely affect our results of operations and growth.***

Our business operations and the non-banking financial services industry may be affected by seasonal trends in the Indian economy. Generally, the period from October to March is the peak period in India for retail economic activity. This increased, or seasonal, activity is the result of several holiday periods, improved weather conditions and crop harvests. We generally experience higher volumes of business during this period. Any significant event such as unforeseen floods, earthquakes, epidemics or economic slowdowns during this peak season would materially and adversely affect our results of operations and growth. During these periods, we may continue to incur operating expenses, but our income from operations may be delayed or reduced.

24. ***Our risk management measures may not be fully effective in mitigating our risks in all market environments or against all types of risks, which may adversely affect our business and financial performance.***

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our hedging strategies and other risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. In addition, the benchmarks adopted by us to assess the various risks may not be accurate and may not provide required data required to effectively manage our risks. This could in-turn result in a realignment or require us to change such benchmarks. This could lead to increased time required for risk management and result in cost overruns.

Many of our customers may not have any credit history supported by tax returns, bank or credit card statements, statements of previous loan exposures, or other related documents, have limited formal education, and may only be able to furnish limited information for us to assess their creditworthiness accurately. In addition, we may not receive updated information regarding any change in their financial condition or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation. It is therefore, difficult to carry out credit risk analyses on our customers. Although we have established stringent policies and procedures, they may not be fully effective. For further information, see "*Our Business - Risk Management*" on page 99.

Although we have established policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and evolving NBFC, vehicle finance and housing finance sector standards and practices on a cost-effective and timely basis. The development and implementation of standards and practices entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards.

25. ***Our housing finance business is subject to extensive regulations which may have a material adverse effect on our business, financial condition or results of operation.***

As an HFC, our Subsidiary, MHFL is required to observe conditions laid down by the NHB under the Housing Finance Companies (National Housing Bank) Directions, 2010, as amended from time to time ("**NHB Directions**"), and as set out in the license that has been granted to MHFL by the NHB. The conditions include compliance with publicity and marketing requirements specified and specify conditions for acceptance of public deposits. For instance, MHFL would not be able to grant housing loans to individuals of up to ₹ 30 lakh with an LTV exceeding 90.00%; of between ₹ 30 lakh to ₹ 75 lakh with LTV exceeding 80.00%; and above ₹ 75 lakh with LTV exceeding 75%. Further, MHFL would also not be able to invest in land or buildings, except for its own use, and not more than an amount exceeding 20% of the aggregate of its Tier I and Tier II capital. Such investment over and above 10% of its owned funds would be required to be made only in residential units. Additionally, MHFL would also not be able to lend an amount exceeding 15% of its owned funds to any single borrower, and an amount exceeding 25% of its owned funds to any single group of borrowers. HFIs are also not allowed to charge foreclosure charges/pre-payment penalties on all floating rate term loans sanctioned to individual borrowers. An HFI is also required to ensure that upfront disbursal should not be made in cases of incomplete/ under-construction/ greenfield housing projects/ houses.

The NHB Directions also require HFIs to comply with a capital to risk (weighted) assets ratio, or capital adequacy ratio ("**CRAR**"), consisting of Tier I and Tier II capital. The RBI has provided certain incentives to the housing finance industry by extending priority sector status to housing loans and reducing the risk weights applicable for affordable housing loans for the purpose of calculation of CRAR. However, there can be no assurance that the RBI and the NHB will continue to provide incentives to the housing finance industry in the future, or that MHFL will be able to maintain a CRAR within the prescribed limits in the future. If MHFL is unable to maintain sufficient limits and observe the NHB Directions could have a material adverse effect on our growth, and as a result, our business, financial condition and results of operations.

Other regulations applicable to MHFL as an HFI include a cap on investments made in the capital market, including direct investment in shares, convertible bonds, debentures, units of equity-oriented mutual funds and all exposures to venture capital funds, which should not exceed 20% of its net worth.

Further, Indian tax laws currently allow HFIs to claim a tax deduction up to 20.00% of profits from the provision of long-term finance for the construction or purchase of houses in India. Pursuant to Section 36(1)(viii) of the IT Act, up to 20.00% of profits from housing finance activities may be carried to a special reserve and will not be subject to income tax. However, there can be no assurance that the GoI will continue to make this fiscal benefit available to HFIs and we might be subject to increased taxes if such benefit ceases to become available, which may in turn have an adverse effect on our business, financial condition and results of operations. In Fiscal 2015, the NHB introduced a new requirement for all HFIs to create a provision for deferred tax liability ("**DTL**") on the total amounts transferred to special reserves pursuant to this tax provision, including those transferred in the previous years, irrespective of whether the HFI intended to withdraw such amounts from the special reserves. The NHB has permitted HFIs to create DTL in respect of the balance amount transferred to special reserves in a phased manner in the ratio of 25:25:50 over a period of three years. Any significant change by the GoI in its various policy initiatives facilitating provision of housing and housing finance or any change in the tax incentives that it currently provides to HFIs may have an adverse effect on business, financial condition and results of operations. Further, creation of a provision for DTL in the future will likely have an adverse effect on MHFL's profit after tax and return on average equity, thereby affecting our business, results of operations and financial condition.

26. We depend on the services of our management team and employees, our inability to recruit and retain them may adversely affect our business.

Our future success depends substantially on the continued service and performance of members of our management team and employees and also upon our ability to manage key issues relating to human resource such as selecting and retaining key managerial personnel, developing managerial experience, addressing emerging challenges and ensuring a high standard of client service. There is intense competition for experienced senior management and other qualified personnel, particularly credit managers, field executives and employees with local knowledge in client procurement, loan disbursement and installment collections. If we cannot hire additional or retain existing management personnel and employees, our ability to expand our business will be impacted and our revenue could be adversely affected. Failure to train and motivate our employees properly may result in a further increase in employee attrition rates, require additional hiring, divert management resources, adversely affect our origination and collection rates, increase our exposure to high-risk credit and impose significant costs on our operations. Our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business, future financial performance.

We cannot assure that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and result operations.

27. Developments in the regulations concerning securitization and assignment transactions with respect to receivables of our loan assets could adversely affect the viability of funding from such transactions, our results of operations and financial condition. Further, any deterioration in the performance of any pool of receivables assigned by us and other institutions may adversely affect our financial condition and results of operations.

We have in the past securitized/assigned a portion of the receivables from our loan assets to banks and other NBFCs. We undertake such direct assignment and securitization transactions based on our internal estimates of funding requirements, which may vary from time to time. In Fiscal 2018, the six months ended September 30, 2018 and nine months ended December 31, 2018, our Company had entered into securitization / assignment transactions amounting to ₹ 202,958.15 lakhs, ₹ 67,218.27 lakhs and ₹ 239,504.66 lakhs, respectively.

Any change in statutory or regulatory requirements in relation to securitization or assignments by financial institutions, including the requirements prescribed by the RBI, could have an adverse impact on our assignment or securitization transactions. The commercial viability of assignment and securitization transactions has been significantly affected by changes and developments relating to regulation governing such transactions. Such changes include:

- prohibition on carrying out securitization/assignment transactions at rates lower than the prescribed base rate of the bank;

- prohibition on NBFCs such as our Company from offering credit enhancements in any form and liquidity facilities in the case of loan transfers through direct assignment of cash flows;
- minimum holding period or 'seasoning' and minimum retention requirements of assignment and securitization loans; and
- securitization/assignments shall be eligible for classification under priority sector only if the interest rate charged to the ultimate borrower by the originating entity does not exceed base rate of such bank plus 8% per annum.

These recent developments have significantly limited the attractiveness of these assignment transactions, and have adversely affected the profitability of, securitization transactions, which could adversely affect our ability to secure funding at commercially viable rates, or at all and our results of operations and financial condition.

Further, in the event the banks or NBFCs do not realize the receivables due under loans that have been securitized or assigned, the relevant banks or NBFCs can enforce the underlying credit enhancements assured by us. Further, any deterioration in the performance of any batch of receivables assigned or securitized to banks and NBFCs could adversely affect our credit ratings and credibility and therefore our ability to conduct further assignments and securitizations. We may also be named as a party in legal proceedings initiated by such financial institution in relation to the assigned or securitized assets. Should a substantial portion of our securitized or assigned loans suffer a deterioration in their performance, it could have an adverse effect on our financial condition and results of operations.

28. We are subject to regulations in relation to minimum capital adequacy requirements and a decline in our CRAR will require us to raise fresh capital which may not be available on favorable terms, or at all, which may affect our business, prospects, results of operations and financial condition. A decline in our capital adequacy ratio could also restrict our future business growth.

We are subject to regulations relating to the capital adequacy of NBFCs, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio, or CRAR. Under the RBI's Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time, our Company is required to have a regulatory minimum CRAR of 15.0%, with a minimum Tier 1 capital of 10.0%. As of March 31, 2018, our Company's CRAR was 20.7% on a standalone basis, of which Tier 1 capital was 17.3%. Further as of December 31, 2018, our Company's CRAR was 22.6% on a standalone basis, of which Tier 1 capital was 17.7%. As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favourable to us, and this may adversely affect the growth of our business. This could result in non–compliance with applicable capital adequacy ratios, which could have a material adverse effect on our business, prospects, results of operations and cash flows.

29. We are required to prepare our financial statements with effect from April 1, 2018 under the Ind AS. As Ind AS differs in various respects from Indian GAAP, our financial statements for Fiscal 2019 may not be comparable to our historical financial statements.

We were required to prepare our financial statements in accordance with Indian GAAP upto Fiscal 2018. The Companies (Indian Accounting Standards) Rules, 2015 ("**IAS Rules**"), as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, enacted Ind AS to converge with IFRS with few exceptions and exemptions. The IAS Rules provide that the financial statements of the companies to which they apply shall be prepared in accordance with IND AS, although any company may voluntarily implement IND AS for the accounting period beginning from 1 April 2015. All NBFCs having a net worth of more than ₹ 5,000 million are required to mandatorily adopt IND (AS) for the accounting period beginning from April 1, 2018 with comparatives for the period ending on March 31, 2018.

Certain very significant GAAP difference impact items in our financial statements are income from loans and advances, finance cost, provision on non-performing assets, deferred tax and recognition of securitization/ assignment transactions. For a summary of the significant qualitative differences between Indian GAAP and Ind AS as applicable to our Company, see "*Summary of Significant Differences Between Indian GAAP and Ind AS*" on page 329. However, this summary may not contain all significant differences between Indian GAAP and Ind AS applicable to our Company and reliance by prospective investors on this summary should be limited.

Accordingly, our financial statements for the period commencing from April 1, 2018 will not be comparable to our historical financial statements.

30. Companies operating in India are subject to a variety of central and state government taxes and surcharges. Any increase in tax rates could adversely affect our business and results of operations.

Tax and other levies including Stamp duty imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, goods and service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The maximum statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations. There can be no assurance that our Company will pay adequate stamp duty as levied in all states where our Company functions or pay any stamp duty altogether, which may result in additional duty being levied on our Company and our Company getting exposed to statutory liabilities, which may have an adverse impact on our financial position and our reputation.

31. Any failure, inadequacy and security breach in our information technology systems may adversely affect our business.

Our operations depend on our ability to process a large number of transactions on a daily basis across our network of offices, most of which are connected through computer systems and servers to our head office. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are beyond our control, including a disruption of electrical or communications services, particularly in the rural and semi-urban markets in which we primarily operate. Our business is particularly susceptible to such disruptions because of our reliance on handheld data enabled devices for our business activities, and the higher cost of installation and implementation of technology in the rural and semi-urban markets. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, servers, software, including software licensed from vendors and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security and result in identity theft including customer data, employee data and propriety business data, for which we could potentially be liable. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our business.

32. Some of the loans we provide are unsecured and are susceptible to certain operational and credit risks which may result in increased levels of NPAs which may adversely affect our business, prospects, results of operations and financial condition.

Our SME loans are given to customers who primarily include small and medium sized manufacturers, dealers and service providers and are (with the exception of a limited security deposit taken from borrowers) mostly unsecured in nature. We may not be able to recover these loans through our standard recovery proceedings. As of December 31, 2018, our unsecured loan portfolio was ₹ 2,24,399.09 lakhs out of our total AUM of ₹ 16,50,710.57 lakhs. These unsecured loans present a higher risk of loss in case of a credit default as compared to loans to customers in other asset-backed financing products. In addition, there can be no assurance that our monitoring and risk management procedures will succeed in effectively predicting the right income levels of these customers or that our loan loss reserves will be sufficient to cover any actual losses. If our recovery team is unable to recover payments under these unsecured loans, we typically initiate legal action in respect of dishonoured non-cash instruments. However, there can be no assurance that these legal proceedings would be commercially feasible or conclude in a manner favourable to us in a timely manner or at all. If there is a default by customers on repayment of such unsecured loans or if we are unable to recover our principal and interest through such legal proceedings, we may experience increased levels of NPAs and we may be required to make related provisions and write-offs that may have an adverse effect on our business prospects, financial condition and results of operations.

33. We operate in rural and semi-urban markets in India and may be affected by prevailing economic, political and other conditions in such markets.

Our target markets are rural and semi-urban markets in India. As a result, we are dependent on and our results of operations are affected by factors prevailing in such markets. Factors that may adversely affect these markets may include:

- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- political instability, terrorism or military conflict in these regions;
- occurrence of natural or man-made disasters;
- infectious disease outbreaks or other serious public health concerns;
- Dependence on adequate monsoon; and
- lower employment opportunities compared to urban areas.

Any of these factors could adversely impact our business, results of operations and financial condition and the price of the NCDs. Our performance and the growth of our business depend on the performance of the regional markets we currently operate. Any slowdown in these economies could adversely impact our business and financial performance.

34. We may not be able to maintain our current levels of profitability due to increased costs or reduced spreads between the interest rates at which we borrow and lend.

Our business strategy involves a high level of ongoing interaction with our customers. We believe that this involvement is an important part of developing our relationship with our customers, identifying new cross- selling opportunities and monitoring our performance. However, this level of involvement also entails higher levels of operating costs and also requires a relatively higher gross spread, or margin, on the finance products we offer in order to maintain profitability. There can be no assurance that we will be able to maintain our current levels of profitability if the gross spreads on our finance products were to reduce substantially, which could adversely affect our results of operations.

35. Our business reputation may be adversely affected by any adverse publicity or market perception regarding our operations which may have a material adverse effect on our business, prospects, financial condition and results of operations.

Our business is significantly dependent on the strength of our brand and reputation, as well as market perception regarding our operations. While we have developed our brand and business reputation over the years, any negative incidents or adverse publicity could rapidly erode customer trust and confidence in us, particularly if such incidents receive widespread adverse mainstream and social media publicity, or attract regulatory investigations or litigation.

Litigation, employee misconduct, operational failures, regulatory investigations, press speculation and negative publicity, whether actual, unfounded or merely alleged, could damage our brand and our business reputation and confidence of customers. Our brand and reputation may also be adversely affected if the products or services recommended by us (or any of our employees, agents or other intermediaries) do not perform as expected by the customers (irrespective of whether such expectations are legitimate or reasonable), or if there is a change in customers' expectations from the relevant financing product. Negative publicity could be based, for instance, on allegations that we have failed to comply with regulatory requirements or result from failure in business continuity or the performance of our information technology systems, loss of customer data or confidential information, unsatisfactory service levels or insufficient transparency in product terms and administration of claims.

Any damage to our brand or our business reputation may result in withdrawal of business by our existing customers or our intermediaries as well as loss of new business from potential customers and arrangements with new agents and other intermediaries. Furthermore, negative publicity may result in an increase in regulatory scrutiny of industry practices as well as an increase in claims litigation, which may further increase our costs of doing business and affect our profitability. Negative publicity may also influence market perception of our business and affect our ability to maintain our credit ratings. Accordingly, any adverse impact on our brand and business reputation may have a material adverse effect on our business, prospects, financial condition and results of operations.

36. Any failure by us to identify, manage, complete and integrate acquisitions, divestitures and other significant transactions successfully could adversely affect our business and results of operations.

As part of our business strategy, we may acquire complementary companies or businesses, divest non-core businesses or assets, enter into strategic alliances and joint ventures and make investments to further expand our business. In order to pursue this strategy successfully, we must identify suitable candidates for and successfully complete such transactions, some of which may be large and complex, and manage the integration of acquired companies or employees. We may not fully realize all of the anticipated benefits of any such transaction within our anticipated timeframe, or at all. Any increased or unexpected costs, unanticipated delays or failure to achieve contractual obligations could make such transactions less profitable or unprofitable. Managing business combination and investment transactions requires varying levels of management resources, which may divert our attention from other business operations and may result in significant costs and expenses.

37. Certain documents filed by us with the RoC and certain corporate records and other documents, are not traceable. While we have conducted a search with the RoC, in respect of the unavailability of such forms and other records, we cannot assure you that such forms or records will be available at all or any time in the future.

We are unable to trace copies of certain prescribed forms filed by us with the RoC, relating to allotments of equity shares of our Company. These include the prescribed Form 2 filed by us with the RoC with respect to allotments made by our Company and the corollary board and shareholders' resolutions, as applicable, for the period commencing from our incorporation i.e., 1978 till 1981.

Further, while we have conducted a search with the RoC through a practicing company secretary, we have been unable to locate such corporate records with the RoC. We have been informed by the practicing company secretary that the RoC did not allow the physical verification of the documents filed with them, at this stage.

We cannot assure you that the filings were made in a timely manner and that we shall not be subject to any penalty imposed by the regulatory authorities in this respect.

38. Our Articles of Association contain certain rights for Shareholders holding shareholding above the specified threshold. These Shareholders will be able to exercise influence over us and may have interests that are different from those of our other Shareholders.

Our Articles of Association allows International Finance Corporation ("**IFC**") to appoint one nominee to our Board as a non-executive Director (the "**Investor Directors**"), who shall be liable to retire by rotation. Our Articles also provide for the appointment of an observer on our Board by LeapFrog Financial Inclusion India Holdings Limited ("**LeapFrog**") and Indium V (Mauritius) Holdings Limited ("**Indium**").

In accordance with investment agreements executed by our Company with the IFC, LeapFrog and Indium (collectively the "**Investors**"), our Articles of Association provide for certain reserved matters, which require the prior consent of the relevant Investor Director or the investor, as the case may be. Such reserved matters include effecting a change in the business of our Company (other than as specifically permitted), delisting of the equity shares of our Company, changing the terms of reference of the employee stock option plan adopted, amending our constitutional documents, selling or disposing of any assets or undertakings or incurring financial indebtedness other than in the normal course of business.

Further, subject to the conditions specified, our Articles provide the Investors with anti-dilution rights, should our Company issue new equity shares. The interest of such Investors may differ or be adverse to the difference of the Other Shareholders.

39. We require certain statutory and regulatory approvals for conducting our business and our inability to obtain, retain or renew them in a timely manner, or at all, may adversely affect our operations.

We require certain statutory and regulatory approvals for conducting our business and may also need additional approvals from regulators for carrying out our housing finance business and general insurance business. For example, we are required to obtain and maintain a certificate of registration for carrying on business as an NBFC, a certificate that is subject to certain conditions. We also require licenses and approvals to operate our various lines of business, including registration with the NHB to operate our housing finance business, which requires compliance with additional certain terms and conditions. We may not be able to obtain such approval in a timely manner or at all.

In addition, our various offices, meeting centers and customer care centers are required to be registered under the relevant shops and establishments laws of the states and also require a trade license in certain states. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. A court, arbitration panel or regulatory authority may in the future find that we have not complied with applicable legal or regulatory requirements. We may also be subject to lawsuits or arbitration claims by customers, employees or other third parties in the different state jurisdictions in India in which we conduct our business. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities. We may also incur substantial costs related to litigation if we are subject to significant regulatory action, which may adversely affect our business, future financial performance and results of operations.

40. We are subject to supervision and regulation by the RBI as a NBFC, and changes in RBI's regulations governing us could adversely affect our business.

We are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure norms and other master directions. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI's regulations of NBFCs could change in the future which may require us to restructure our activities, incur additional cost, raise additional capital or otherwise adversely affect our business and our financial performance.

The RBI, from time to time, amends the regulatory framework governing NBFCs to address concerns arising from certain divergent regulatory requirements for banks and NBFCs. We are subject to the RBI's Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time. For details of our capital adequacy requirements, see "*Our Business – Capital Adequacy Ratio*" on page 99.

The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with such laws and regulations, which could materially and adversely affect our business and our financial performance.

Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. We are also subject to changes in laws, regulations and accounting principles and practices. There can be no assurance that the laws governing the financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

Additionally, we are required to make various filings with the RBI, the Registrar of Companies and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations. If we fail to comply with these requirements, or a regulator claims we have not complied with these requirements, we may be subject to penalties and compounding proceedings. For further information on laws and regulations applicable to us, see "*Regulations and Policies*" on page 353.

41. MHFL's affordable housing finance business is subject to certain tax and fiscal benefits which may be discontinued in the future by the Government of India ("GoI") or by state governments relating to financing of purchase or construction of property.

Our Subsidiary, MHFL is engaged in mortgage financing and its focus is on the affordable housing finance segment. Tax reliefs have been instrumental in driving growth in the housing and housing finance sectors. The government has provided tax reliefs to both borrowers and lenders. The GoI has also provided incentives to the housing finance industry which are aimed at providing low-cost, long-term credit to the low and middle income segments in rural and urban parts of India. Pursuant to these initiatives, the NHB provides refinance for certain qualifying loans at reduced rates to qualifying HFCs through its schemes. In addition, the RBI has provided certain incentives to the housing finance industry by extending priority sector status to certain housing loans and making funds available to housing finance companies at lower rates. Certain other key measures taken by the RBI to assist in fulfilling the GoI's objectives include reduction in risk weights applicable for affordable housing loans for the purpose of calculation of CRAR and allowing HFCs to raise long-term ECBs for on-lending towards affordable housing, which the RBI defines as housing loans with a size of up to ₹ 25 lakh, subject to the condition that the cost of the individual housing unit shall not exceed ₹ 30 lakhs. In addition, certain other tax benefits are also permitted to be availed by our Subsidiary. Further, Indian tax laws currently allow HFCs to claim a tax deduction up to 20% of profits from the provision of long-term finance for the construction or purchase of houses in India.

There can be no assurance that the NHB, RBI and the GoI will continue to offer such tax benefits to borrowers at the current levels or at all, which may adversely affect the demand for housing and consequently housing finance. In addition, the GoI may not implement proposals to facilitate investment in affordable housing. If there is any discontinuation or modification to the tax and fiscal benefits available to MHFL, its business prospects, financial condition and results of operations may be adversely affected.

42. Our statutory auditors have highlighted certain matters of emphasis to their audit reports relating to our audited financial statements, which may affect our future financial results.

Our statutory auditors have highlighted certain matters of emphasis to their audit opinion relating to our last five audited financial statements, as mentioned below:

Matters of emphasis

Fiscal 2015

The auditors have drawn attention to the note 36(b) of the consolidated financial statements for Fiscal 2015, where it was reported that Magma HDI General Insurance Company Limited ("**MHDI**"), a jointly controlled entity, had a solvency margin at 1.24 times as of March 31, 2015 which was below 1.50 times as stipulated by Insurance Regulatory and Development Authority (Assets, Liabilities and Solvency Margin of Insurers) Regulations 2000 and subsequent circulars and orders.

Further, they have drawn attention to note 36(c) of the consolidated financial statements for Fiscal 2015 with reference to MHDI, regarding Motor Third Party (Stop Loss) XL reinsurance cover with HDI Gerling Welt Service AG ("**HDI**") for the motor portfolio for all policies issued upto March 31, 2015. The appointed actuary had certified the motor third party ultimate loss ratio of 133.00% as of March 31, 2015 which had been fully provided for in the books of accounts. Against this, as per the terms of reinsurance cover, HDI had agreed to indemnify MHDI for losses incurred in aggregate which exceed ultimate loss ratio of 119.00%, and upto 135.00%. Accordingly ₹ 4,084.40 lakh, being the excess of third party ultimate loss liability of motor third party portfolio provided for in the books of accounts over and above 119.00% as on March 31, 2015, against which insurance cover was available to MHDI, had been suitably adjusted in claims liability.

Fiscal 2016

The auditors have drawn attention to note 36 of the consolidated financial statement for Fiscal 2016, where it was reported that MHDI, a jointly controlled entity, wherein the actuarial valuation of liabilities for claims incurred but not reported ("**IBNR**") and incurred but not enough reported ("**IBNER**") are the responsibility of the Company's appointed actuary. The liability for IBNR and IBNER as of March 31, 2016 had been certified by the actuary from Ernst & Young LLP, as per the consent letter dated April 28, 2016 received from IRDAI for the purpose of actuarial reporting for completion of financials as of March 31, 2016. However, the work done by Ernst & Young LLP is subject to review by an independent actuary nominated by the IRDAI. The actuary from Ernst & Young LLP is not an appointed actuary as per IRDAI Regulations, 2000. The management has relied upon the certificate issued by the actuary. Accordingly, the accounts are prepared on the basis of of actuarial valuation by the actuary who is not the Company's appointed actuary.

The Statutory Auditor's opinion on the consolidated financial statements for the year ended March 31, 2016 and March 31, 2015 were not modified in respect of these emphasis of matters included in their audit opinion for the said years.

There can be no assurance that our statutory auditors will not include further matters of emphasis or other similar comments in the audit reports to our audited financial statements in the future, or that such remarks or matters of emphasis will not affect our financial results in future fiscal periods. Investors should consider the matters of emphasis and remark in evaluating our financial condition, results of operations and cash flows. Any such matter of emphasis or remark in the auditors' report on our financial statements in the future may also adversely affect the trading price of the NCDs.

43. The restrictions imposed on NBFCs by the RBI through a Master Circular – Bank Finance to Non-Banking Financial Companies dated July 1, 2015 (the "Master Circular") may restrict our ability to obtain bank financing for specific activities.

Pursuant to the Master Circular, the RBI has imposed certain restrictions on banks providing financing to NBFCs. Under this Master Circular, certain NBFC activities are ineligible for financing by banks, such as certain types of discounting and rediscounting of bills, investments of current and long term nature by way of shares, debentures, loans and advances by NBFCs to their subsidiaries and group companies, or lending by NBFCs to individuals for subscribing to public offerings and purchasing shares from the secondary market, unsecured loans and inter-corporate deposits by the NBFCs to / in any company. In addition, the Master Circular prohibits:

- banks from granting bridge loans of any nature, provide interim finance against capital or debenture issues and/or in the form of loans of a temporary nature pending the raising of long term funds from the market by way of capital, deposits, or other means to any category of NBFCs;

- banks from accepting shares and debentures as collateral for secured loans granted to NBFCs; and

- banks from executing guarantees covering inter-company deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. The Master Circular also requires that guarantees not be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs.

These restrictions may adversely affect our access to or the availability of bank finance, which may in turn adversely affect our financial condition and results of operations.

44. In the event our SME customers use loans for purposes other than those stated on the loan application form, it may result in customers being unable to repay such loans to us, which may have an adverse effect on our financial condition, results of operations and cash flows.

With respect to some of our SME loans, we do not have any direct control over how the customer actually utilizes the loan proceeds. Although our credit appraisal system conducts a due diligence during its underwriting process and exercises caution in its lending, any use of loan proceeds for purposes outside those stated on the loan application form may negatively affect the repayment capacity of the borrowers to repay the loan. Any failure to repay such loans could have an adverse effect on our financial condition, results of operations and cash flows.

45. This Shelf Prospectus includes certain unaudited financial information, which has been subjected to limited review. Reliance on such information should, accordingly, be limited.

This Shelf Prospectus includes the unaudited financial results in relation to our Company, its subsidiaries (including the erstwhile subsidiary MITL) and Joint Ventures, for the six months ended September 30, 2018 and for the nine months ended December 31, 2018 in respect of which the Auditors have issued their unaudited limited review report dated November 2, 2018 and January 31, 2018. As Limited Review Financial Statement prepared by the Company in accordance with the SEBI LODR Regulations have been subject only to a limited review, any reliance by prospective investors on such Q2 Unaudited Financial Results and Q3 Unaudited Financial Results should, accordingly, be limited.

46. Our business, financial condition, results of operations and prospects could be materially and adversely affected if our cross-selling activities are not successful.

We intend to expand our business with our existing customers in the asset backed financing segment and increase our revenues by expanding our cross-selling efforts to our mortgage finance and general insurance business. However, we cannot assure you that our cross-selling activities will be successful. In particular, if our cross-selling activities are deemed to have violated any laws or regulations in India, our cross-selling activities may be adversely affected, we may be subject to relevant legal liabilities and our reputation may be harmed, all of which may have a material adverse effect on our business and prospects. In addition, we may need to significantly upgrade our existing information technology systems in order to enable us to better understand and predict the behavioural patterns of our customers. We cannot assure you that our efforts in this regard will be successful.

47. We depend on the accuracy and completeness of information about customers and counterparties and any misrepresentation, errors or incompleteness of such information could cause our business to suffer.

While we may collect information in accordance with applicable KYC Guidelines, in deciding whether to extend credit or enter into other transactions with customers and counterparties, we rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of their independent auditors. For instance, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer.

Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing and restructured assets, which could materially and adversely affect our business, financial condition, results of operations and cash flows.

48. We have significant exposure to the real estate sector and any negative events affecting this sector could adversely affect our business and result of operations.

Lending products in our housing finance business include housing loans and small-ticket loans against property and developer financing for various infrastructure projects. A substantial portion of our AUM is exposed to the real estate sector as the underlying security on these loans is primarily mortgages. As of March 31, 2016, and 2017 and 2018 and December 31, 2018, our total AUM in our mortgage financing segment represented 18.52%, 18.82%, 17.58% and 18.01%, respectively, of our total AUM in such periods. As a result, we depend on the performance of the real estate sector in India and could be adversely affected if market conditions deteriorate. The real estate business is in turn significantly affected by changes in government policies, grant of statutory/ regulatory approvals, economic and other conditions, such as economic slowdowns, demographic trends, employment levels, availability of financing, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur. Further, any delay in the grant of necessary approvals for construction or any delay in construction by developers would lead to an adverse impact on our sales, collection and receivables. These factors can adversely affect the demand for, and pricing of, our investments in the real estate sector and may materially and adversely affect our financial condition, results of operations and cash flows.

There can be no assurance that our real estate investments will grow, or will not decrease, in the future. Any such reduction in demand could have an adverse effect on our business, results of operations, financial condition and cash flows.

The primary security for the loans disbursed by us is the underlying property; the value of this security is largely dependent on housing market conditions prevalent at that time, as well the quality of the construction and the relevant developer. We rely on the opinion of valuers in order to determine the valuation of the property and for verification of title to the property. The value of the collateral on the loans disbursed by us may decline due to adverse market conditions including an economic downturn or a downward movement in real estate prices. In the event the real estate sector is adversely affected due to a decline of demand for real properties, changes in regulations or other trends or events, which negatively impact the real estate sector, the value of our collaterals may diminish which may affect our business and results of operations. Failure to recover the expected value of collateral could expose us to losses and, in turn, result in a material adverse effect on our business, results of operations and financial condition.

49. Our insurance coverage may not adequately protect us against losses.

We maintain insurance coverage that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition and results of operations.

50. We have entered into, and will continue to enter into, related party transactions and we cannot assure you that we could not have achieved more favorable terms had such transactions not been entered into with related parties.

We have entered into transactions with several related parties, including our Directors and group companies. We can give no assurance that we could not have achieved more favorable terms had such transactions been entered into with parties that were not related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. The transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest. For more information, see "Financial Statements".

51. Our intellectual property rights may be subject to infringement or we may breach third party intellectual property rights.

Our Company has registered certain brands and trademarks under the Trademarks Act, 1999, including 'Magma', MAGMA, MAGMA Investing in the smallest dream including their variations and MAGMA HOME MAKER. We are accordingly subject to the risk of brand dilution and consequently, loss of revenue in case of any misuse of our brand name by our agents or any third party. In addition, we may not be able to protect our intellectual property rights against third party infringement and unauthorized use of our intellectual property, including by our competitors. Further, our inability to obtain or maintain these registrations may adversely affect our competitive business position. This may affect our brand value and consequently our business.

We may also be subject to claims by third parties, both inside and outside India, if we breach their intellectual property rights by using slogans, names, designs, software or other such subjects, which are of a similar nature to the intellectual property these third parties may have registered. Any legal proceedings that result in a finding that we have breached third parties' intellectual property rights, or any settlements concerning such claims, may require us to provide financial compensation to such third parties or make changes to our marketing strategies or to the brand names of our products, which may have a materially adverse effect on our brand, business, prospects, financial condition and results of operations.

52. Most of our offices are located on leased premises and non-renewal of lease agreements or their renewal on terms unfavorable to us could adversely affect our operations.

Certain of our offices and branches are located on leased or licensed premises (which expire from time to time). If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavorable to us, or if they terminate the agreement we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations. All or any of the leases may not be renewed on similar terms or at all, or we may be evicted from all or a number of these premises and be required to pay damages to the landlord. This may adversely impact our business and financial condition.

53. Inaccurate appraisal of credit may adversely impact our business.

We may be affected by failure of our employees to comply with our internal procedures requiring extensive appraisal of credit or financial worth of our clients. Failure or inaccurate appraisal of credit or financial worth of our clients by our employees may allow a loan sanction, which may eventually result in a bad debt on our books of accounts. In the event, we are unable to check the risks arising out of such lapses, it may have an adverse effect on our business and results of operations.

54. Negative cash flows in the future could adversely affect our cash flow requirements, our ability to operate our business and implement our growth plans, thereby affecting our financial performance.

Our Company has in the past, and may in the future, experience negative cash flows. The following table sets forth certain information relating to our Company's cash flows for the period indicated:

(*in ₹ lakhs*)

	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
Net cash generated from operating activities	99,031.37	2,40,633.13	71,393.42	8,333.64	1,26,000.01
Net cash used in investing activities	(7,017.05)	(18,014.31)	(24,367.25)	2,159.49	(7,633.03)
Net cash used in financing activities	(95,428.38)	(2,30,143.99)	(49,815.38)	(20,073.59)	(1,69,573.88)
Net decrease in cash and cash equivalents	(3,414.06)	(7,525.17)	(2,789.21)	(9,580.46)	(51,206.90)

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. In addition, if we do not generate sufficient amount of cash from operations, our liquidity and our ability to service our indebtedness and fund our operations may also be adversely affected. As a result, business, prospects, results of operations and financial condition may be materially and adversely affected.

55. Some of the information disclosed in this Shelf Prospectus is based on information from industry sources and publications which may be based on projections, forecasts and assumptions that may prove to be incorrect. Investors should not place undue reliance on or base their investment decision on this information.

The information disclosed in the chapter "*Industry Overview*" is based on the report of CRISIL Research titled "NBFC Report" released in India in August, 2018, contents which have not been verified by us independently and we do not make any representation as to the accuracy of the information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

56. Our inability to detect money-laundering and other illegal activities fully and on a timely basis may expose us to additional liability and adversely affect our business and reputation.

We are required to comply with applicable anti-money-laundering ("**AML**") and anti-terrorism laws and other regulations in India. In the ordinary course of our operations, we run the risk of failing to comply with the prescribed Know Your Customer ("**KYC**") procedures, fraud and money laundering by dishonest customers. Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance, and that operations of our Company have been undertaken in compliance with applicable financial record keeping and reporting requirements of (i) the money laundering statutes of India and the rules and regulations thereunder, we cannot assure you that we will be able to fully control instances of any potential or attempted violation. We are currently in the process of implementing our KYC portal as per applicable requirements and have engaged with vendor for execution of the same. Any inability on our part to detect such activities fully and on a timely basis, may subject us to regulatory actions including imposition of fines and penalties and adversely affect our business and reputation.

57. We have availed certain borrowings which may be recalled by our lenders at any time.

We have currently availed certain borrowings (including cash credit and working capital demand loan facilities), which may be recalled by the relevant lender at any time, during the tenor of the loan with or without the existence of an event of default. In the event that the lender seeks a repayment of the loan, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. If we are unable to procure such financing, we may not have adequate working capital to undertake new initiatives or complete our ongoing strategies. As a result, any such demand may materially and adversely affect our business, cash flows, financial condition and results of operations.

58. Our ability to pay dividends in the future will depend upon our earnings, financial condition, cash flows and capital requirements.

Dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. We cannot assure you that we will be able to pay dividends in the future.

EXTERNAL RISKS

59. A slowdown in economic growth in India could cause our business to suffer.

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Any slowdown or perceived slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could also adversely affect our business, results of operations, financial condition and the trading price of the NCDs.

India's economy could be adversely affected by a general rise in interest rates or inflation, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the GoI towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy.

The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. A decline in India's foreign exchange reserves and exchange rate fluctuations may also affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the NCDs

Further, other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions; volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies, like application of GST; political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns; prevailing regional or global economic conditions, including in India's principal export markets; and other significant regulatory or economic developments in or affecting India or its financial services sectors.

60. Political instability or changes in the Government could adversely affect economic conditions in India and consequently our business.

Our performance and the market price and liquidity of the NCDs may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. The business of our Company, and the market price and liquidity of the NCDs may be affected by changes in GoI policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Indian governments have pursued policies of economic liberalisation, financial sector reforms including significantly relaxing restrictions on the private sector. The governments have usually been multi-party coalitions with differing agendas. Any political instability could affect the rate of economic liberalisation and the specific laws and policies affecting foreign investment. Other matters affecting investment in the NCDs could change as well. A significant change in India's economic liberalisation and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular, if any new restrictions on the private sector are introduced or if existing restrictions are increased.

61. Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of the NCDs to decline.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Europe and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Recently, the currencies of a few Asian countries suffered depreciation against the US Dollar owing to amongst other, the announcement by the US government that it may consider reducing its quantitative easing measures. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, future financial performance and the prices of the NCDs. Financial disruptions may also occur on account of frauds perpetuated against banks and financial institutions that could have an adverse impact on markets.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Since September 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major US and European financial institutions. These and other related events, such as the European sovereign debt crisis, have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in global credit and financial markets. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current difficult conditions in the global credit markets continue or if there is any significant financial disruption, such conditions could have an adverse effect on our business, future financial performance and the trading price of the NCDs.

62. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects, results of operations and, financial condition.

Our business and financial performance could be adversely affected by changes in law or interpretations of existing, or the promulgation of new, laws, rules and regulations in India applicable to us and our business. There can be no assurance that the central or the state government*s* may not implement new regulations and policies which will require us to obtain approvals and licenses from the governments and other regulatory bodies or impose onerous requirements and conditions on our operations.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and/or subject us to penalties. Further, changes in capital gains tax or tax on capital market transactions or sale of shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial performance.

63. Differences exist between Indian GAAP and other accounting principles, which may be material to investors' assessments of our financial condition.

Our Reformatted Financial Information included in this Shelf Prospectus, are prepared in accordance with Indian GAAP while the Q2 Unaudited Financial Results and the Q3 Unaudited Financial Results have been prepared in accordance with Ind AS. We have not attempted to quantify the impact of other accounting principles, such as U.S. GAAP or IFRS, on the financial data included in this Shelf Prospectus, nor do we provide a reconciliation of its financial statements to those prepared pursuant to U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in several respects from Indian GAAP. Persons not familiar with Indian accounting practices should, accordingly, consult their own professional advisors before relying on the financial disclosures presented in this Shelf Prospectus.

64. Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our ability to raise financing and our business.

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of the NCDs.

65. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

Under the foreign exchange regulations currently in force in India, transfers of shares between non- residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/tax clearance certificate from the income tax authority.

66. Inflation and interest rates in India could have an adverse effect on our profitability and if significant, on our financial condition.

The annual rate of inflation, based on monthly WPI, was 5.28% (provisional) for the month of October, 2018 (over October, 2017) as compared to 5.13% (provisional) for the previous month and 3.68% during the corresponding month of the previous year (*Source: Index Numbers of Wholesale Price in India (Base: 2011-12=100), Review for the month of October, 2018, published on November 14, 2018 by Government of India*). Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our payers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

In addition, majority of our borrowings are denominated in Rupees and are linked to floating Indian interest rates. Any increase, especially over a prolonged period, in Indian interest rates would increase our costs of borrowing and adversely affect our financial results and might make additional borrowing to fund investment uneconomic and/or unaffordable.

67. Acts of terrorism, civil disturbance, communal conflicts, regional conflicts and other similar threats to security could adversely affect our Company's business, cash flows, results of operations and financial condition.

Increased political instability and regional conflicts, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in several countries and regions in which our Company operates, strained relations arising from these conflicts and the related decline in consumer confidence may hinder our ability to do business. Any escalation in these events or similar future events may disrupt our Company's operations or those of our customers and suppliers. Further, certain events that are beyond the control of our Company, such as violence or war, including those involving India, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on our business, future financial performance and price of the NCDs

Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, the Indian economy and consequently Company's operations might be significantly affected. India has from time to time experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. Events of this nature in the future could have an adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected. These events have had and may continue to have an adverse impact on the global economy and customer confidence, which could in turn adversely affect our Company's revenue, operating results and cash flows. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the NCDs. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of securities and may limit the capital resources available to our Company and to our customers and suppliers.

68. ***The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war in India or globally may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the NCDs. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. These acts may also result in a loss of business confidence, and adversely affect our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the NCDs.

69. ***The new bankruptcy code in India may affect our Company's right to recover loans from its borrowers.***

The Insolvency and Bankruptcy Code, 2016 ("**Bankruptcy Code**") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process. If the Bankruptcy Code provisions are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and the guarantee given by us and enforcement of our Company's rights will be subject to the Bankruptcy Code.

RISKS RELATING TO THE ISSUE AND THE NCDS

70. ***If we do not generate adequate profits, we may not be able to maintain an adequate DRR for the NCDs issued pursuant to this Shelf Prospectus, which may have a bearing on the timely redemption of the NCDs by our Company.***

Regulation 16 of the Debt Regulations and Section 71 of the Companies Act 2013 states that any company that intends to issue debentures must create a Debenture Redemption Reserve out of the profits of the company available for payment of dividend until the redemption of the debentures. Further, the Companies (Share Capital and Debentures) Rules, 2014, as amended, states that the Company shall create Debenture Redemption Reserve and 'the adequacy' of DRR will be 25% of the value of the debentures outstanding as on the date, issued through public issue as per present Debt regulations. Accordingly, if we are unable to generate adequate profits, the DRR created by us may not be adequate to meet the 25% of the value of the debentures outstanding as on the date. Further, every company required to create Debenture Redemption Reserve shall on or before the 30th day of April in each year, invest or deposit, as the case may be, a sum which shall not be less than fifteen percent, of the amount of its debentures maturing during the year ending on the 31st day of March of the next year, in any one or more of the following methods, namely:(i) in deposits with any scheduled bank, free from any charge or lien;(ii) in unencumbered securities of the Central Government or of any State Government; (iii) in unencumbered securities mentioned in sub-clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (iv) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of Section 20 of the Indian Trusts Act, 1882; (v) the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below fifteen percent of the amount of the debentures maturing during the year ending on the 31st day of March of that year. If we do not generate adequate profits, we may not be able to maintain an adequate DRR for the NCDs issued pursuant to this Shelf Prospectus, which may have a bearing on the timely redemption of the NCDs by our Company.

71. Changes in interest rates may affect the price of our NCDs.

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk issue. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities tend to fall and when interest rates drop, the prices tend to increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

72. You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs.

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD holders on the assets adequate to ensure minimum 100 % asset cover for the NCDs, the realizable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

73. There is no assurance that the NCDs issued pursuant to this Issue will be listed on Stock Exchanges in a timely manner, or at all.

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to this Issue will not be granted until after the NCDs have been issued and Allotted. Approval for listing and trading will require all relevant documents to be submitted and carrying out of necessary procedures with the Stock Exchanges. There could be a failure or delay in listing the NCDs on the Stock Exchanges for reasons unforeseen. If permission to deal in and for an official quotation of the NCDs is not granted by the Stock Exchanges, our Company will forthwith repay, without interest, all monies received from the Applicants in accordance with prevailing law in this context, and pursuant to this Shelf Prospectus.

There is no assurance that the NCDs issued pursuant to this Issue will be listed on Stock Exchanges in a timely manner, or at all.

74. Our Company may raise further borrowings and charge its assets subject to receipt of necessary consents.

Our Company may, subject to receipt of all necessary consents, raise further borrowings and charge our assets (including receivables). Our Company will decide the nature of security that may be provided for future borrowings. In such a scenario, the NCD holders will rank *pari passu* with other charge holder(s) and to that extent, may reduce the amounts recoverable by the NCD holders upon our Company's bankruptcy, winding-up or liquidation.

75. Payments to be made on the NCDs will be subordinated to certain tax and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to these NCDs have been paid as per Section 327 of the Companies Act, 2013 and the provisions of Insolvency and Bankruptcy Code, 2016. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.

76. You may be subject to taxes arising on the sale of the NCDs.

Sales of NCDs by any holder may give rise to tax liability, as discussed in "*Statement of Tax Benefits"* on page 62.

77. There may be no active market for the non-convertible debentures on the WDM segment of the stock exchange. As a result, the liquidity and market prices of the non-convertible debentures may fail to develop and may accordingly be adversely affected.

There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors inter alia including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country; (ii) the market for listed debt securities; (iii) general economic conditions; and (iv) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

78. The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending, financing, and for repayment of interest and principal of existing borrowings of the Company. For further details, see "*Objects of the Issue*" on page 60. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

79. There may be a delay in making refund to Applicants.

We cannot assure you that the monies refundable to you, on account of (i) withdrawal of your applications, (ii) our failure to receive minimum subscription in connection with the Base Issue, (ii) withdrawal of the Issue, or (iii) failure to obtain the final approval from the Stock Exchanges for listing of the NCDs, will be refunded to you in a timely manner. We, however, shall refund such monies, with the interest due and payable thereon as prescribed under applicable statutory and/or regulatory provisions.

80. Trading of the NCDs may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes.

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time-imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

SECTION III – INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated at Kolkata as ARM Group Enterprises Private Limited on December 18, 1978 as a private limited company under the Companies Act, 1956, as amended and was granted a certificate of incorporation by the RoC. Subsequent to the conversion of our Company into a public limited company, the name of our Company was changed to ARM Group Enterprises Limited and a fresh certificate of incorporation consequent on change of name was issued by the RoC on October 30, 1980. Subsequently, the name of our Company was changed to Magma Leasing Limited and a fresh certificate of incorporation consequent on change of name was issued by the RoC on August 24, 1993. Subsequently, the name of our Company was changed to Magma Shrachi Finance Limited and a fresh certificate of incorporation consequent on change of name was issued by the RoC on June 19, 2007. Subsequently, the name of our Company was changed to Magma Fincorp Limited and a fresh certificate of incorporation consequent on change of name was issued by the RoC on July 31, 2008. Our Company is registered as a systemically important non-deposit accepting non-banking financial company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934.

Registered Office:

Magma House,
24, Park Street, Kolkata 700 016
West Bengal, India
Tel: +91 33 4401 7350/7200
Fax: +91 33 4402 7731
Website: www.magma.co.in

Corporate Office:

Equinox Business Park, 2nd Floor, Tower 3
Off BKC, Ambedkar Nagar, LBS Marg
Kurla West, Mumbai 400 070
Maharashtra, India
Tel: +91 22 6229 1100
Fax: Not available
Email: mflncdpublicissue@magma.co.in
Website: www.magma.co.in

Registration:

The Corporate Identity Number of our Company is L51504WB1978PLC031813 issued by the Registrar of Companies, West Bengal at Kolkata.

Legal Entity Identifier: 335800JFD5CDCM4KVL41

Our Company holds a certificate of registration dated September 23, 2008 bearing registration number B-05.02795 issued by the RBI to carry on the activities of a non-deposit taking NBFC under section 45 IA of the RBI Act.

Chief Financial Officer:

Kailash Baheti
Equinox Business Park, 2nd Floor, Tower 3
Off BKC, Ambedkar Nagar, LBS Marg
Kurla West, Mumbai 400 070
Maharashtra, India
Tel: +91 22 6229 1100
Fax: Not available
Email: mflncdpublicissue@magma.co.in

Company Secretary and Compliance Officer:

The details of the person appointed to act as Compliance Officer for the purposes of this Issue are set out below:

Shabnum Zaman
Magma House
24, Park Street, Kolkata 700 016
West Bengal, India
Tel: +91 33 4401 7350/7200
Fax: +91 33 4402 7731
E-mail: secretary@magma.co.in

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, unblocking of funds, transfers, etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant ("DP") and the Bidding Centre of the relevant members of the Lead Managers, brokers and sub-brokers appointed in relation to the Issue ("Syndicate") where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the Applicant, or (b) the concerned member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for and amount blocked on Application.

Lead Managers:

Edelweiss Financial Services Limited
Edelweiss House
Off CST Road, Kalina
Mumbai 400 098
Maharashtra, India
Tel: +91 22 4086 3535
Fax: +91 22 4086 3610
Email: magma.ncd@edelweissfin.com
Investor Grievance Email:
customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Mr. Lokesh Singhi/ Mandeep Singhi
Compliance Officer: Mr. B. Renganathan
SEBI Regn. No.: INM0000010650

A. K. Capital Services Limited
30-39, Free Press House,3rd Floor
Free Press Journal Marg 215
Nariman Point, Mumbai 400 021
Maharashtra, India
Tel: +91 22 6754 6500
Fax: +91 22 6610 0594
Email: magma2019@akgroup.co.in
Investor Grievance Email:
investor.grievance@akgroup.co.in
Website: www.akgroup.co.in
Contact Person: Ms. Shilpa Pandey/ Mr. Malay Shah
Compliance Officer: Mr.Tejas Davda
SEBI Regn. No.: INM000010411

Debenture Trustee:

Catalyst Trusteeship Limited
'GDA House', Plot No. 85
Bhusari Colony (Right)
Kothrud, Pune 411 038
Tel: +91 22 4922 0543
Fax: + 91 22 4922 0505
Email: ComplianceCTL-Mumbai@ctltrustee.com
Investor Grievance Email: grievance@ctltrustee.com
Website: www.catalysttrustee.com
Contact Person: Umesh Salvi
SEBI Registration No.: IND000000034
**(formerly known as GDA Trusteeship Limited)*

Catalyst Trusteeship Limited has by its letter dated January 1, 2019 given its consent for its appointment as

Debenture Trustee to the Issue pursuant to regulation 4(4) of the Debt Regulations and for its name to be included in the Draft Shelf Prospectus, this Shelf Prospectus, Shelf Prospectus, the relevant Tranche Prospectus(es) and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

All the rights and remedies of the Debenture Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the Debenture Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the Debenture Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company pro tanto from any liability to the Debenture Holders. For details on the terms of the Debenture Trust Deed, please see "*Issue Related Information*" on page 377.

Registrar to the Issue:

Karvy Fintech Private Limited
(formerly known as KCPL Advisory Services Private Limited)
Karvy Selenium, Tower B
Plot No. 31-32, Financial District, Nankramguda, Serilingampally
Hyderabad Rangareddi, Telangana 500 032, India
Tel: +91 40 6716 2222
Fax: +91 40 2343 1551
E-mail: magmafincorp.ncd@karvy.com
Website: www.karvyfintech.com
Investor Grievance E-mail: einward.ris@karvy.com
Contact person: M Murali Krishna
SEBI Registration No.: INR000000221*
**

**The registration is currently under the name of Karvy Computershare Private Limited. Karvy Fintech Private Limited has filed an application with the SEBI for registration under its new name, which is currently pending.*

Statutory Auditor

B S R & Co. LLP
Chartered Accountants
Lodha Excelus, 5th Floor
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai 400 011,
Maharashtra, India
Tel: +91 22 4345 5300
Fax: +91 22 4345 5399
Email: mkumar@bsraffiliates.com
Firm Registration Number: 101248W/W-100022
Name: Manoj Kumar Vijai

The Statutory Auditors were appointed for a period of five years pursuant to a resolution of our Shareholders at the annual general meeting dated September 19, 2016, subject to ratification of their re-appointment at every annual general meeting, if required by the Companies Act, as amended. The appointment of the Statutory Auditors was last ratified by our Shareholders at the annual general meeting dated August 2, 2017. Pursuant to a notification dated May 7, 2018, the Company is not required to ratify the re-appointment of M/s. B S R & Co. LLP, Chartered Accountants as the Statutory Auditors of the Company by the members at every Annual General Meeting.

Credit Rating Agencies:

Brickwork Ratings India Private Limited
Raj Alkaa Park- 3rd Floor,
29/3 & 32/2, Kalena Agrahara,
Bannerghatta Road, Bengaluru 560 076
Karnataka, India
Tel: +91 80 4040 9940
Fax: +91 80 4040 9941

Acuité Ratings & Research Limited
(erstwhile SMERA Ratings Limited)
A-812, The Capital,
G-Block, BKC, Bandra (East),
Mumbai 400 051,
Maharashtra, India
Tel: +91 22 4929 4000

Email: clientinfo@brickworkratings.com; radhakrishnan.s@brickworkratings.com
Website: www.brickworkratings.com
Contact Person: Radhakrishnan S
SEBI Registration No: IN/CRA/005/2008

Fax: Not available
Email: chitra.mohan@acuite.in
Website: www.acuite.in
Contact Person: Chitra Mohan
SEBI Registration No: IN/CRA/006/2011

Legal Advisor to the Issue:

Khaitan & Co
One Indiabulls Centre
13th Floor, Tower 1
841 Senapati Bapat Marg
Mumbai 400 013,
Maharashtra, India
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

Bankers to the Issue

As specified in relevant Tranche Prospectus

Consortium Members

As specified in relevant Tranche Prospectus.

Bankers to the Company

ICICI Bank Limited
3A, Gurusaday Road,
Kolkata 700 019,
West Bengal, India
Tel: +91 33 4405 8579
Fax: +91 33 3324 8597
Email:renu.agarwala@icicibank.com
Website: www.icicibank.com
Contact Person: Renu Agarwala

Punjab National Bank
44, Park Street
Kolkata – 700016
West Bengal, India
Tel: +91 33 4403 3230
Fax: +91 33 4403 3280
Email: bo0573@pnb.co.in
Website: www.pnbindia.in
Contact Person: Tapas Jha, CM

Bank of Baroda
4, Indian Exchange Place (1st Floor)
Kolkata – 700 001
West Bengal, India
Tel: +91 22 33 2262 2048/2088
Fax: Not available
Email: whlkol@bankofbaroda.com
Website: www.bankof baroda.com
Contact Person: Raveesh Kumar

State Bank of India
Commercial Branch, Kolkata,
Magma House, 24 Park Street,
Kolkata - 700016
Tel: +91 33 2265 3680
Fax: +91 33 2229 3555
Email: rm4.cbkol@sbi.co.in
Website: www.sbi.co.in
Contact Person: Amit Kumar Gunin, Assistant General Manager

Bank of India
5, B.T.M. Sarani
1st Floor
Kolkata - 700 001
Tel: +91 33 2231 3259
Fax: Not available
Email:LCB.Kolkata@bankofindia.co.in
Website: www.bankofindia.co.in
Contact Person: Manish Gupta

Catholic Syrian Bank Limited
Mafatlal House, H T Parekh Marg,
Backbay Reclaimation,
Mumbai – 400 020
Tel: +91 022 2282 1461
Fax: Not available
Email: mumbaifort@csb.co.in
Website: www.csb.co.in
Contact Person: Ram Mohan G S

United Bank of India
Park Street Branch,
24, Park Street, Kolkata 700 016
Tel: +91 33 2229 3816/9515
Fax: +91 33 2265 9604
Email: bmpks@unitedbankofindia.com
Website: www.unitedbankofindia.com
Contact Person: Ashok Kumar Upadhyay

Self –Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated Branches of the SCSBs, with which an Applicant, not applying through the Syndicate/sub-syndicate or through a Registered Broker, CRTA or CDP may submit the Application Forms, is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Applications submitted to a member of the Consortium, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Application Forms from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes), or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Member of the Consortium at Specified Locations, see the website of the SEBI (http://www.sebi.gov.in/ sebiweb/other/OtherAction.do?doRecognised=yes) or any such other website as may be prescribed by SEBI from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) or any such other website as may be prescribed by SEBI from time to time.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."*

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 20 lakh or with both.

Underwriting.

This Issue has not been underwritten.

Arrangers to the Issue

There are no arrangers to the Issue.

Minimum Subscription

In terms of the Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue (as specified in the relevant Tranche Prospectus). If our Company does not receive the minimum subscription of 75% of the Base Issue (as specified in the relevant Tranche Prospectus) within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount blocked shall be unblocked to the Applicants within six days from the date of closure of the Issue. In the event, there is a delay, by our Company in unblocking of funds within the prescribed time limit, interest shall be paid for the delayed period, if applicable in accordance with applicable law.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received will be unblocked only to the bank account from which the subscription was remitted by giving instructions to SCSB.

Credit Rating and Rationale

The NCDs proposed to be issued under this Issue have been rated 'BWR AA (pronounced as BWR Double A) (Outlook: Stable)' by Brickworks for an amount of up to ₹ 1,00,000 lakhs vide its letter dated December 21, 2018 and revalidated by the revalidation letter dated March 28, 2019 and 'ACUITE AA/Stable' by Acuité for an amount of up to ₹ 1,00,000 lakhs vide its letter dated December 28, 2018 and revalidated by the revalidation letter dated March 28, 2019. The rating of the NCDs by Brickworks and Acuité indicate that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk. The ratings provided by Brickworks and/or Acuité may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings by Brickworks and Acuité are not a recommendation to buy, sell or hold securities and investors should take their own decisions.

For the rationale for these ratings, see Annexure A and Annexure B of this Shelf Prospectus.

Utilisation of Issue proceeds

For details on utilization of Issue proceeds see "*Objects of the Issue*" on page 60.

Issue Programme

Issue Programme*	
Issue Opens On	As specified in the relevant in the Tranche Prospectus(es)
Issue Closes On	As specified in the relevant in the Tranche Prospectus(es)

The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicted in the relevant Tranche Prospectus except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company ("Board**") or the Management Committee of the Board. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or initial date of Issue closure. On the relevant Tranche Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchanges.*

Applications Forms for the Issue will be accepted only between 10 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, during the Issue Period as mentioned in the relevant Tranche Prospectus(es) on all days between Monday and Friday (both inclusive barring public holiday), (a) by the Designated Intermediaries at the Collection Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. On the relevant Tranche Issue Closing Date Application Forms will be accepted only between 10 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the Stock Exchange(s) platform are deemed to be rejected.

Due to limitation of time available for uploading the Applications on the relevant Tranche Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the relevant Tranche Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the relevant Tranche Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Managers, Consortium Members, sub-brokers or Trading Members of the Stock Exchanges are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on a date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Managers, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

CAPITAL STRUCTURE

1. **Details of Share capital**

The Share capital of our Company as at the date of this Shelf Prospectus is set forth below:

(In ₹ lakh, except share data)

		Aggregate value at face value
A	**AUTHORISED SHARE CAPITAL**	
	126,50,00,000 Equity Shares	25,300.00
	5,83,00,000 Preference Shares	58,300.00
	Total Authorised Share Capital	**83,600.00**
B	**ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL BEFORE THE ISSUE**	
	26,93,24,236 Equity Shares	5,386.48
C	**PAID-UP EQUITY SHARE CAPITAL AFTER THE ISSUE**	
	26,93,24,236 Equity Shares	5,386.48
D	**SECURITIES PREMIUM ACCOUNT**	
	Existing Securities Premium Account	1,80,620.79

2. **Changes in the authorised capital of our Company in the last five years from date of this Shelf Prospectus:**

Date of change	Alteration
January 15, 2018	Pursuant to the amalgamation of Magma Advisory into our Company, the authorised share capital of our Company was increased from ₹596,00,00,000 divided into 26,50,00,000 equity shares of ₹2 each and 5,43,00,000 preference shares of ₹100 each to ₹661,00,00,000 divided into 26,50,00,000 equity shares of ₹2 each, 2,50,00,000 of ₹10 each, 5,43,00,000 preference shares of ₹100 each and 4,00,00,000 preference shares of ₹10 each.
February 5, 2018	Further in connection with the amalgamation of Magma Advisory into our Company, the authorised share capital of our Company of ₹661,00,00,000 divided into 26,50,00,000 equity shares of ₹2 each, 2,50,00,000 of ₹10 each, 5,43,00,000 preference shares of ₹100 each and 4,00,00,000 preference shares of ₹10 each was reclassified into ₹661,00,00,000 divided into 39,00,00,000 equity shares of ₹2 each and 5,83,00,000 preference shares of ₹100 each.
May 8, 2018	Pursuant to the amalgamation of MITL into our Company, the authorised share capital of our Company of 661,00,00,000 divided into 39,00,00,000 equity shares of ₹2 each and 5,83,00,000 preference shares of ₹100 each was increased to ₹836,00,00,000 divided into 126,50,00,000 equity shares of ₹2 each and 5,83,00,000 preference shares of ₹100 each

3. **Changes in the Equity Share Capital History of our Company for the last five years preceding the last quarter ended prior the date of this Shelf Prospectus i.e. from December 31, 2013 to December 31, 2018:**

Date of allotment	Nature of allotment	Number of Equity Shares allotted	Face value (₹)	Issue/ Grant price per Equity Share (₹)	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Cumulative Share Premium Account (₹ in lakhs)
December 6, 2013	Pursuant to MESOP#	33,400	2	36	Cash	19,01,19,975	38,02,39,950	67,412.88
July 30, 2014	Pursuant to MESOP#	136,075	2	36	Cash	19,02,56,050	38,05,12,100	67,478.65
July 30, 2014	Pursuant to MESOP#	75,000	2	60	Cash	19,03,31,050	38,06,62,100	67,523.76
November 5, 2014	Pursuant to MESOP#	36,325	2	36	Cash	19,03,67,375	38,07,34,750	67,541.32
November 5, 2014	Pursuant to MESOP#	15,000	2	60	Cash	19,03,82,375	38,07,64,750	67,550.01

Date of allotment	Nature of allotment	Number of Equity Shares allotted	Face value (₹)	Issue/ Grant price per Equity Share (₹)	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Cumulative Share Premium Account (₹ in lakhs)
February 3, 2015	Pursuant to MESOP#	6,000	2	36	Cash	19,03,88,375	38,07,76,750	67,552.91
February 3, 2015	Pursuant to MESOP#	37,500	2	60	Cash	19,04,25,875	38,08,51.750	67,580.67
April 24, 2015	Pursuant to MESOP#	30,000	2	60	Cash	19,04,55,875	38,09,11,750	67,610.06
May 8, 2015	Preferential Allotment*	4,62,96,297	2	108	Cash	23,67,52,172	47,35,04,344	1,16,684.14
July 31, 2015	Pursuant to MESOP#	14,000	2	36	Cash	23,67,66,172	47,35,32,344	1,16,690.91
July 31, 2015	Pursuant to MESOP#	15,000	2	60	Cash	23,67,81,172	47,35,62,344	1,16,699.69
February 8, 2016	Pursuant to MESOP#	47,500	2	60	Cash	23,68,28,672	47,36,57,344	1,15,755.70
April 26, 2016	Pursuant to MESOP#	15,000	2	60	Cash	23,68,43,672	47,36,87,344	1,15,766.00
August 13, 2016	Pursuant to MESOP#	90,000	2	60	Cash	23,69,33,672	47,38,67,344	1,15,822.50
February 8, 2017	Pursuant to MESOP#	26,000	2	60	Cash	23,69,59,672	47,39,19,344	1,15,839.98
May 10, 2017	Pursuant to MESOP#	14,000	2	60	Cash	23,69,73,672	47,39,47,344	1,15,849.70
January 31, 2018	Pursuant to MESOP#	55,000	2	60	Cash	23,70,28,672	47,40,57,344	1,32,221.90
April 12, 2018	Qualified Institutions Placement**	3,22,58,064	2	155	Cash	26,92,86,736	53,85,73,472	1,80,602.16
November 8, 2018	Pursuant to MESOP#	15,000	2	60	Cash	26,93,01,736	53,86,03,472	1,80,610.86

Alloted pursuant to the Magma Employee Stock Option Plan, 2007 for details see "- Stock Option Plans" below.

** Our Company issued 74,22,254 Equity Shares, 2,03,55,524 Equity Shares and 1,85,18,519 Equity Shares to Zend Mauritius VC Investments, Ltd, Indium V (mauritious Holdings Limited and LeapFrog Financial Inclusion India Holdings Limited by way of a Preferential Allotment*

*** Our Company issued 3,22,58,064 to Qualified Institutional Buyers pursuant to the Qualified Institutions Placement made by the Company in terms of Companies Act, 2013 and Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, as amended and since replaced by SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2018.*

4. Our Company has not issued any Equity Shares in the two years preceding the date of this Shelf Prospectus for consideration other than cash.

5. Our Company does not have any outstanding preference shares or other convertible instruments, as on the date of this Shelf Prospectus.

6. **Details of acquisition or amalgamation in the last one year**

Other than as mentioned in the chapter titled "*History and Certain Corporate Matters*" on page 104 there has been no amalgamations by our Company during the last one year.

7. **Shareholding pattern of our Company as on December 31, 2018:**

The summary statement of the equity shareholding in our Company as on December 31, 2018 was as below:

Category of shareholder	No. of shareholders	No. of fully paid up Equity Shares held	Total no. of Equity Shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of voting rights	Total as a % of Total Voting right	No. of Equity Shares held in dematerialized form
(A) Promoter & Promoter Group	7	6,57,52,083	6,57,52,083	24.42	6,57,52,083	24.42	6,57,52,083
(B) Public	20,857	20,35,49,653	20,35,49,653	75.58	20,35,49,653	75.58	20,27,47,593
(C1) Shares underlying DRs				0.00		0.00	
(C2) Shares held by Employee Trust				0.00		0.00	
(C) Non Promoter-Non Public				0.00		0.00	
Grand Total	**20,864**	**26,93,01,736**	**26,93,01,736**	**100.00**	**26,93,01,736**	**100.00**	**26,84,99,676**

8. **Details of any Reorganization or Reconstruction in the last 1 year**

Our Company has not undergone any reorganisation or reconstruction in the last one year prior to filing of this Shelf Prospectus.

9. **List of top ten holders of Equity Shares of our Company as on December 31, 2018*:***

Sr. No.	Name of shareholder	Address	Total Number of Equity Shares held	Percentage holding (in %)	No. of Equity Shares held in demat form
1.	Microfirm Capital Private Limited	24, Park Street, Kolkata 700 016, West Bengal, India	3,40,15,928	12.63	3,40,15,928
2.	Celica Developers Private Limited	24, Park Street, Kolkata 700 016, West Bengal, India	2,94,34,455	10.93	2,94,34,455
3.	True North Fund V LLP	Kotak Mahindra Bank Limited, Kotak Infiniti Building No. 21, 6th Floor, Zone-IV, Custody Servs., Infinity Park, General AK Vaidya Marg, Malad (East), Mumbai 400 097, Maharashtra, India.	2,82,55,524	10.49	2,82,55,524
4.	Amansa Holdings Private Limited	Citibank N.A. Custody Services, FIFC-11th Floor, G-Block, Plot C-54 and C-55, BKC, Bandra (East), Mumbai 400 098, Maharashtra, India.	1,99,37,242	7.40	1,99,37,242
5.	International Finance Corporation	Citibank N.A. Custody Services, FIFC-11th Floor, G-Block, Plot C-54 and C-55,	1,97,53,041	7.34	1,97,53,041

Sr. No.	Name of shareholder	Address	Total Number of Equity Shares held	Percentage holding (in %)	No. of Equity Shares held in demat form
		BKC, Bandra (East), Mumbai 400 098, Maharashtra, India.			
6.	Lavender Investments Limited	Citibank N.A. Custody Services, FIFC-11th Floor, G-Block, Plot C-54 and C-55, BKC, Bandra (East), Mumbai 400 098, Maharashtra, India.	1,88,51,431	7.00	1,88,51,431
7.	Reliance Capital Trustee Co Ltd A/C	Deutsche Bank AG, DB House, Hazarimal Somani Marg, Post Box No. 1142, Fort, Mumbai 400 001, Maharashtra, India.	1,52,04,425	5.65	1,52,04,425
8.	LeapFrog Financial Inclusion India Holdings Limited	Kotak Mahindra Bank Limited, Kotak Infiniti Building No. 21, 6th Floor, Zone-IV, Custody Servs., Infinity Park, General AK Vaidya Marg, Malad (East), Mumbai 400 097, Maharashtra, India.	1,32,18,519	4.91	1,32,18,519
9.	IDFC Dynamic Equity Fund	Deutsche Bank AG, DB House, Hazarimal Somani Marg, Post Box No. 1142, Fort, Mumbai 400 001, Maharashtra, India.	1,21,61,478	4.52	1,21,61,478
10.	Bank Muscat India Fund	HSBC Securities Services, 11th Floor, Building No. 3, NESCO - IT Park, NESCO Complex, West Express Highway, Goregaon (East), Mumbai 400 063, Maharashtra, India.	87,54,888	3.25	87,54,888
Total			**19,95,86,931**	**74.12**	**19,95,86,931**

10. **List of top ten Debenture Holders (secured and unsecured, on a cumulative basis for all the outstanding debenture issues), as on March 22, 2019:**

(₹ in lakhs)

Sr. No.	Name of the debenture holder	Address	Aggregate Amount
1.	International Finance Corporation	Citibank N.A. Custody Services, FIFC- 11th Floor, G-Block, Plot C-54 and C-55, BKC, Bandra (East), Mumbai 400 098, Maharashtra, India.	21,500.00
2.	UTI- Mutual Fund	UTI Asset Management Company Limited, UTI Tower, GN Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India	20,000.00
3.	Secretary Board of Trustees, MPEB Employees Provident Fund	Block No. 9, 1st Floor, Shakti Bhawan, Jabalpur 482 008	10,000.00
4.	Bangiya Gramin Vikash Bank	BMC House, Chuapur, P.O. Berhampore, Dist. Murshidabad, West Bengal 742 101	6,200.00
5.	Axis Mutual Fund	Deutsche Bank AG, DB House, Hazarimal Somani Marg, Post Box No. 1142, Fort, Mumbai 400 001, Maharashtra, India.	6,000.00
6.	HVPNL Employees Pension Fund Trust	Shakti Bhawan, Sector 6, Panchkula 134 109	5,970.00
7.	Bank of India	Treasury Branch, Head Office, Star House, 7th Floor, C-5, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India	5,000.00
8.	Air-India Employees Provident Fund	Air India Employees Provident Fund Account, Old Air Port, Santacruz, Mumbai 400 029, Maharashtra, India.	3,700.00
9.	Rajasthan Rajya Vidyut Karamchari Superannuation Fund	Rajasthan Rajya Vidut Prasaran, Shed No. 11 Vidyut Bhavan, Jyoti Nagar, Jaipur 302 005.	3,600.00
10.	Syndicate Bank	FIM Department, Maker Towers E, II Floor, Cuffe Parade, Colaba, Mumbai - 400 005	2,500.00

11. **Shareholding of our Promoters**

i. The shareholding of our Promoters in our Company as on December 31, 2018 was as mentioned below:

Name of Promoter	Number of Equity Shares held	Percentage of Equity Share capital held (in %)
Celica Developers Private Limited	2,94,34,455	10.93
Microfirm Capital Private Limited	3,40,15,928	12.63
Ashita Poddar	16,500	0.01
Kalpana Poddar	55,080	0.02
Mansi Poddar	2,85,000	0.11
Shaili Poddar	1,25,000	0.05
Total	**6,39,31,963**	**23.75**

ii. There was no change in the Promoter holding in our Company during the last financial year.

iii. None of the Equity Shares held by our Promoters are pledged in any manner.

12. Our Directors and/or their relatives, our Promoters, directors of our Promoters and/or their relatives or any member of our Promoter Group have not purchased or sold any securities of our Company, our Subsidiary and/or our Associate Companies in the six months preceding the date of this Shelf Prospectus.

However, our Associate Company, MHDI has pursuant to the resolution passed by its board of directors on November 26, 2018 approved a rights issue of 125.00 lakh equity shares at a price of ₹ 40 each. Pursuant to the approval of IRDAI, the Management Committee of the board of directors of MHDI have allotted 41,11,111 equity shares of MHDI to Celica Developers Private Limited (including in its capacity as a first holder of equity shares jointly held with Vanita Chamria, Harshvardhan Chamria and Sanjay Chamria (a Director of our Company)) on December 31, 2018.

Further, our Associate Company, MHDI pursuant to the resolution passed by its board of directors and shareholders on March 16, 2019 approved a preferential issue of 187.50 lakh equity shares of face value ₹ 10 each at a price of ₹ 40 each out of which 62.50 lakh equity shares would be alloted to Celica Developers Private Limited subject to the approval of IRDAI.

13. **Debt - Equity Ratio of our Company:**

The debt equity ratio of our Company prior to this Issue is based on a total debt of ₹ 10,78,767.48 lakhs and shareholder funds (Equity share capital plus other equity) amounting to ₹ 2,40,062.25 lakhs as on September 30, 2018. The debt equity ratio post the Issue (assuming subscription of ₹ 1,00,000.00 lakhs) is 4.91 times, based on a total outstanding debt of ₹ 11,78,767.48 lakhs and shareholders fund (net of miscellaneous expenditure, if any, to the extent not written off or adjusted) of ₹ 2,40,062.25 lakhs as on September 30, 2018.

(₹ in lakhs)

Particulars	Prior to the Issue (as on September 30, 2018)	Post the Issue[1]
Debt		
Short term borrowing	8,13,196.56	8,13,196.56
Long term borrowing	2,65,570.92	3,65,570.92
Total Debt	10,78,767.48	11,78,767.48
Shareholders' Fund		
Share capital	5,385.73	5,385.73
Reserves and Surplus (excluding revaluation reserve)	2,34,676.52	2,34,676.52
Total Shareholders' Funds	2,40,062.25	2,40,062.25
Long term debt/equity ratio (in times) [2]	1.11	1.52
Total debt/ equity Ratio (in times) [3]	4.49	4.91

1. *Assuming the Issue is fully subscribed.*
2. *Long term debt-equity ratio = Total long-term debt outstanding at the end of the quarter/Shareholders' Fund.*
3. *Total debt-equity ratio = Total debt /Total Shareholders' Fund.*

For details on the total outstanding debt of our Company, please see "*Financial Indebtedness*" beginning on page 332.

14. **Stock Option Plans**

Our Company has formulated the Stock Option Plans, namely, the Magma Employee Stock Option Plan ("**MESOP**") in 2007 and the Magma Restricted Stock Option Plan 2014 ("**MRSOP**") in 2014.

The MESOP was authorized pursuant to a resolution of the Board dated April 12, 2007 and a special resolution passed by our Shareholders on June 5, 2007, while the MRSOP has been authorized pursuant to a resolution of our Board dated July 1, 2014 and resolutions passed by our Shareholders on September 25, 2014 and March 31, 2016.

Under the MESOP, our Company was authorised to grant up to 10,00,000 stock options to eligible employees, with each option representing one equity share of our Company of ₹10 each. However, following the sub-division of the one equity share of ₹10 each into five Equity Shares of ₹2 each pursuant to the Shareholders' resolution dated July 15, 2010, the number of options, which could be granted under the MESOP increased from 10,00,000 to 50,00,000. The exercise price is to be determined by the Nomination and Remuneration Committee and such price may be the face value of the Equity Shares from time to time or may be the market price or any other price as may be decided by the Nomination and Remuneration Committee and will be governed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Under the MRSOP, our Company was authorised to award up to 50,00,000 restricted stock options to eligible employees, each restricted stock option representing one Equity Share. The exercise price is to be determined by the Nomination and Remuneration Committee and such price may be the face value of the Equity Shares from time to time or may be the market price or any other price as may be decided by the Nomination and Remuneration Committee and will be governed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

OBJECTS OF THE ISSUE

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company ("***Net Proceeds***"), towards funding the following objects (collectively, referred to herein as the "**Objects**"):

1. For the purpose of onward lending, financing and for repayment/prepayment of interest and principal of the existing borrowings of our Company; and
2. General corporate purposes.

The Net Proceeds shall not be used for any purpose which is in contravention of the applicable guidelines issued by the RBI.

The objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities of onward lending and financing and also the activities which our Company has been carrying on till date.

The details of the Proceeds of the Issue are set forth in the following table:

(₹ in lakhs)

Sr. No.	Description	Amount
1.	Gross Proceeds of the Issue	As per relevant Tranche Prospectus
2.	Issue Related Expenses	As per relevant Tranche Prospectus
3.	Net Proceeds	As per relevant Tranche Prospectus

Requirement of funds and Utilisation of Net Proceeds

The following table details the objects of the Issue and the amount proposed to be financed from the Net Proceeds:

Sr. No.	Objects of the Fresh Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	For the purpose of onward lending, financing and for repayment/prepayment of interest and principal of the existing borrowings of our Company	At least 75%
2.	General Corporate Purposes*	Maximum of up to 25%
	Total	**100%**

**The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the Debt Regulations.*

Issue Related Expenses

The expenses of this Issue include, among others, fees for the Lead Managers, printing and distribution expenses, legal fees, fees paid to auditors, advertisement expenses and listing fees. The estimated Issue expenses for each Tranche Prospectus shall be specified in respective Tranche Prospectus Issue.

The expenses to be disclosed in the relevant Tranche Prospectus are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors.

Funding plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

Interim Use of Proceeds

The management of our Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board or any committee thereof. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

General Corporate Purposes

Our Company intends to deploy up to 25% of the amount raised and allotted in the Issue for general corporate purposes, including but not restricted to routine capital expenditure, renovations, strategic initiatives, meeting any expenditure in relation to our Company as well as meeting exigencies which our Company may face in the ordinary course of business, or any other purposes as may be approved by the Board of Directors.

Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the Debt Regulations. The Board shall monitor the utilization of the proceeds of the Issue. For the relevant Financial Years commencing from Financial Year 2019, our Company will disclose in our financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. Our Company shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchanges.

Other Confirmation

In accordance with the Debt Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or for acquisitions of shares of any person or entity who is a part of the same group as our Company or who is under the same management of our Company.

No part of the proceeds from this Issue will be paid by us as consideration to our Promoters, our Directors, Key Managerial Personnel, or companies promoted by our Promoters.

The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property. The Issue proceeds shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company.

Our Company confirms that it will not use the proceeds of the Issue for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to the capital or profit or losses or both in such business exceeding 50% thereof, directly or indirectly in the acquisition of any immovable property or acquisition of securities of any other body corporate.

The fund requirement as above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, cash flows, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

Variation in terms of contract or objects

The Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Shelf Prospectus is issued, except as may be prescribed under the applicable laws and under Section 27 of the Companies Act, 2013.

STATEMENT OF TAX BENEFITS

To,

The Board of Directors
Magma Fincorp Limited

Magma House,
24, Park Street, Kolkata- 700 016
West Bengal, India

(the "**Company**")

Dear Sirs,

Sub: Statement of tax benefits in relation to proposed public issue ("Issue") of secured, redeemable, non-convertible debentures ("NCDs") by Magma Fincorp Limited

1. We, R B S C & Co., Chartered Accountants, have performed the procedures agreed with you, and enumerated in paragraph 2 below with respect to the possible tax benefits available to the debenture holder(s) pursuant to the Issue (the "**Debenture Holder(s)**"), under the Income Tax Act, 1961, as amended and the rules framed thereunder (collectively the "**I.T. Act**"), presently in force in India, in the enclosed Annexure (the "**Statement of Tax Benefits**"). Our engagement was performed in accordance with the Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India.

2. We have performed the following procedures:

    i. Read the Statement of Tax Benefits as given in Annexure I, and
    ii. Evaluated with reference to the provisions of the I.T. Act to confirm that the same is in accordance with our interpretation of the existing tax laws and provisions.

3. Because the above procedures do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India, we do not express any assurance on the subject.

4. We confirm that the Statement of Tax Benefits as set out in Annexure I materially covers all the provisions of the I.T. Act as amended, with respect to Debenture Holder(s).

5. The amendments made by the Finance Act, 2018 have been incorporated to the extent relevant in the enclosed Annexure I.

6. Several of these benefits are dependent on the Debenture Holder(s) fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Debenture Holder(s) to derive the tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives the Debenture Holder(s) would face in the future. The Debenture Holder(s) may or may not choose to fulfill such conditions.

7. The benefits discussed in Annexure I are not exhaustive. The Statement of Tax Benefits is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

8. Our views are based on the existing provisions of the I.T. Act and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retrospective, could have an effect on the validity of our views stated herein. We assume no obligation to update the Statement of Tax Benefits on any events subsequent to its Issue, which may have a material effect on the discussions herein.

9. We do not express any opinion or provide any assurance as to whether:

- The Company or the Debenture Holder(s) will continue to obtain these benefits in future;

- The conditions prescribed for availing the benefits, where applicable have been or would be met with;

- The revenue authorities/courts will concur with views expressed herein.

10. The contents of the Statement of Tax Benefits have been evaluated by us as mentioned in paragraph 2(ii) above, based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

11. No assurance is given that the revenue authorities/ Courts will concur with the views expressed herein. Our views are based on existing provisions of law and its interpretation which could vary from others, and which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes.

12. This certificate has been issued at the request of the Company in connection with the proposed Public Issue of the NCDs for inclusion in the offer documents to be filed with the Registrar of Companies, West Bengal at Kolkata, Securities and Exchange Board of India, the National Stock Exchange of India Limited and the BSE Limited or any other regulatory authorities, as required. Accordingly, we consent to this certificate and the Statement of Tax Benefits being included in such offer documents.

For R B S C & Co.
Chartered Accountants
Firm Registration Number: 302034E

R.N. Bardhan
Partner
Membership No: 017270
Kolkata
January 14, 2019

Encl.: Annexure I- Statement of Tax Benefits

ANNEXURE I

Under the existing provisions of law, the following tax benefits, inter-alia, will be available to the Debenture Holder(s). The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The information given below lists out the possible benefits available to the Debenture Holder(s) of an Indian company in which the public are substantially interested as defined in Section 2(18)(b)(A) of the Income Tax Act, 1961, in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the debenture.

The Debenture Holder is advised to consider in its own case, the tax implications in respect of subscription to the Debentures after consulting his tax advisor as alternate views are possible. We are not liable to the Debenture Holder in any manner for placing reliance upon the contents of this Statement of Tax Benefits.

This Statement of Tax Benefits has been prepared solely in connection with the Issue under the Regulations as amended.

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

A. Under the Income-Tax Act, 1961 ("I.T. Act")

I. Tax benefits available to the Resident Debenture Holders

1. Interest on debentures received by resident debenture holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act.

2. As per section 2(29A) read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long-term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

   As per section 112 of the I.T. Act, capital gains arising on the transfer of long-term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the debentures from the sale consideration.

   However as per the third proviso to section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds. Accordingly, long term capital gains arising to the Debenture Holder(s), would be subject to tax at the rate of 10%, computed without indexation, as the benefit of indexation of cost of acquisition is not available in case of debentures.

   In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

3. As per section 2(42A) of the I.T. Act, a listed debenture is treated as a short-term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at para 2 above would also apply to such short-term capital gains.

4. In case debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

5. Securities Transaction Tax ("**STT**") is a tax levied on all transactions in specified securities done on the stock exchanges at rates prescribed by the Central Government from time to time. STT is not applicable

on transactions in the debentures.

6. Income tax is deductible at source on interest on debentures, payable to resident debenture holders at the time of credit/ payment as per the provisions of section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following:

   a) Any security issued by a Company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.

   b) In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF'), Debenture Holder does not or is not likely to exceed ₹ 5,000 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.

   c) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.

   d) (i) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A(1B) of the I.T. Act, "Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax".

      (ii) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.

      (iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

7. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge or health and education cess.

8. Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the I.T. Act.

9. As per Section 74 of the I.T. Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming setoff against subsequent year's long-term capital gains.

II Tax benefits available to the Non-Resident Debenture Holders

1. A non-resident Indian has an option to be governed by Chapter XII-A of the I.T. Act, subject to the

provisions contained therein which are given in brief as under:

(a) As per section 115C(e) of the I.T. Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

(b) As per section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition.

Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.

(c) As per section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein. However, if the new assets are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the new assets are transferred or converted into money.

(d) As per section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.

(e) As per section 115H of the I.T. Act, where a non-resident Indian becomes assessable as resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

2. In accordance with and subject to the provisions of section 115-I of the I.T. Act, a non-resident Indian may opt not to be governed by the provisions of Chapter XII-A of the I.T. Act. In that case,

(a) Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.
(b) Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act
(c) Where debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

3. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per section 115E of the I.T. Act, and at the normal rates for Short Term Capital Gains if the payee debenture holder is a non-resident Indian. Surcharge and health and education cess may apply accordingly as applicable.

4. As per Section 74 of the I.T. Act, short-term capital loss suffered during the year is allowed to be set- off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried

forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off only against long-term capital gains only. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

5. Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 195 of the I.T. Act. The income tax deducted shall be increased by surcharge as under:

   (a) In the case of non-resident Indian, surcharge at the rate of 10% of such tax liability (if net income exceeds Rs. 50,00,000 and does not exceed Rs. 1,00,00,000) and 15% of such tax liability (if net income exceeds Rs. 1,00,00,000) subject to deduction.
   (b) In the case of foreign companies, surcharge at the rate of 2% of such tax liability where the income or the aggregate of such income paid or likely to be paid and subject to deduction exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000, surcharge at the rate of 5% of such income tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds Rs. 10,00,00,000.
   (c) In case of domestic companies, where the income paid or likely to be paid exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000 a surcharge of 7% of such tax liability is payable and when such income paid or likely to be paid exceeds Rs. 10,00,00,000, surcharge at 12% of such tax is payable.
   (d) Health and education Cess is to be applied at 4% on aggregate of base tax and surcharge.

6. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement ("**DTAA**") is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of tax residency certificate ("**TRC**"), is a mandatory condition for availing benefits under any DTAA. If the TRC does not contain the information prescribed by the CBDT vide its Notification No. 57/2013 dated 1 August 2013, a self-declaration in Form 10F would need to be provided by the assessee along with TRC.

7. Alternatively, to ensure non-deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 195(2) & 195(3) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of section 206AA.

III Tax benefits available to the Foreign Portfolio Investors ("FPIs")

1. As per Section 2(14) of the I.T. Act, any securities held by FPIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FPIs as capital gains.

2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FPIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.

3. Income other than capital gains arising out of debentures is taxable at 20% (plus applicable surcharge and cess) in accordance with and subject to the provisions of Section 115AD of the I.T. Act.

4. Section 194LD in the I.T. Act provides for lower rate of withholding tax at the rate of 5% (plus applicable surcharge and cess) on payment by way of interest paid by an Indian company to FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 1, 2013 and July 1, 2020 provided such rate does not exceed the rate as may be notified by the Government.

5. In accordance with and subject to the provisions of section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FPIs.

6. The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.

IV Tax benefits available to Mutual Funds

As per section 10(23D) of the I.T. Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf. Further, as per the provisions of Section 196 of the I.T. Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the I.T. Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

V Exemption under Section 54F of the I.T. Act

1. As per the provisions of section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a debenture holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

   This exemption is available, subject to the condition that the debenture holder does not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred. Similarly, if the debenture holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

VI Requirement to furnish PAN under the I.T. Act

1. Section 139A(5A) of the I.T. Act requires every person receiving any sum or income or amount from which tax has been deducted under Chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deducting such tax.

2. Section 206AA of the I.T. Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIB ("**deductee**") to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:

   (i) at the rate specified in the relevant provision of the I.T. Act; or
   (ii) at the rate or rates in force; or
   (iii) at the rate of twenty per cent.

3. As per Rule 37BC of the Income Tax Rules, 1962, as amended, the higher rate under section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect of payment of interest, if the non-resident deductee furnishes the prescribed details inter alia TRC and Tax Identification Number (TIN), etc.

4. A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para (1) above in such a case.

5. Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and Para (1) above will apply apart from penal consequences.

VII Taxability of Gifts received for nil or inadequate consideration

As per section 56(2)(x) of the I.T. Act, where any person receives debentures from any person on or after 1st April, 2017:

(a) without consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;

(b) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration; shall be taxable as the income of the recipient at the normal rates of tax. The above is subject to few exceptions as stated in section 56(2)(x) of the I.T. Act.

VIII General Anti-Avoidance Rule ('GAAR')

In terms of Chapter X-A of the I.T. Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the I.T. Act. By this Rule, any arrangement entered into by an assessee may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be inter alia denial of tax benefit, applicable w.e.f. 1-04-2017. The GAAR provisions can be said to be not applicable in certain circumstances viz. the main purpose of arrangement is not to obtain a tax benefit etc. including circumstances enumerated in CBDT Notification No. 75/2013 dated 23 September 2013.

NOTES:

1. The Statement of Tax Benefits enumerated above is as per the Income-tax Act, 1961, as amended by the Finance Act, 2018.
2. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.
3. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non-resident has fiscal domicile.
4. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty along with I.T. Act.
5. Surcharge is levied on individuals, HUF, association of persons, body of individuals and artificial juridical person at the rate of 10% on tax where total income exceeds Rs. 50 lakh but does not exceed Rs. 1 crore and at the rate of 15% on tax where the total income exceeds Rs. 1 crore.
6. Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds Rs. 1 crore.
7. Surcharge is levied on domestic companies at the rate of 7% on tax where the income exceeds Rs 1 crore but does not exceed Rs. 10 crores and at the rate of 12% on tax where the income exceeds Rs. 10 crores.
8. Health and education cess is to be applied at 4% on aggregate of base tax and surcharge.
9. Several of the above tax benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the I.T. Act.
10. The above Statement of Tax Benefits sets out the provisions of law in a summary manner only and is not complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures/bonds.
11. The above Statement of Tax Benefits covers only certain relevant provisions under the Income-tax Act, 1961 and does not cover provisions under any other law.
12. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement of Tax Benefits.

SECTION IV ABOUT THE ISSUER COMPANY AND THE INDUSTRY

INDUSTRY OVERVIEW

The information in this section has not been independently verified by us, the Lead Managers, or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry and Government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded-off for presentation in this Shelf Prospectus.

This section contains copies of certain tables and charts from the report from CRISIL Research titled "NBFC Report" released in India in August 2018.

References to "2014-15", "2015-16", "2016-17" and "2017-18", etc., or "FY 15", "FY 16", "FY 17" and "FY 18", etc. or "Mar-15", "Mar-16", "Mar-17 and "Mar-18", etc. or "Fiscal 2015", "Fiscal 2016", "Fiscal 2017" and "Fiscal 2018" in these tables and charts are to the financial years ended March 31, 2015, March 31, 2016 , March 31, 2017 and March 31, 2018 etc., or as at March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018, etc., as applicable. The use of the letter "E" after a number means it is an estimated number and the use of the letter "P" after a number means it is a projected number.

OVERVIEW OF INDIAN ECONOMY

Global Economy

Global growth for 2018–19 is projected to remain steady at its 2017 level, but its pace is less vigorous than projected in April and it has become less balanced. Downside risks to global growth have risen in the past six months and the potential for upside surprises has receded. Global growth is projected at 3.7 percent for 2018–19—0.2 percentage point lower for both years than forecast in April. The downward revision reflects surprises that suppressed activity in early 2018 in some major advanced economies, the negative effects of the trade measures implemented or approved between April and mid-September, as well as a weaker outlook for some key emerging market and developing economies arising from country-specific factors, tighter financial conditions, geopolitical tensions, and higher oil import bills. Beyond the next couple of years, as output gaps close and monetary policy settings begin to normalize, growth in most advanced economies is expected to decline to potential rates well below the averages reached before the global financial crisis of a decade ago. Medium-term prospects remain generally strong in emerging Asia but subpar in some emerging market and developing economies, especially for per capita growth, including in commodity exporters that continue to face substantial fiscal consolidation needs or are mired in war and conflict.

The balance of risks to the global growth forecast has shifted to the downside in a context of elevated policy uncertainty. Several of the downside risks highlighted in the April 2018 World Economic Outlook ("**WEO**")—such as rising trade barriers and a reversal of capital flows to emerging market economies with weaker fundamentals and higher political risk—have become more pronounced or have partially materialized. Meanwhile, the potential for upside surprises has receded, given the tightening of financial conditions in some parts of the world, higher trade costs, slow implementation of reforms recommended in the past, and waning growth momentum. While financial market conditions remain accommodative in advanced economies, they could tighten rapidly if trade tensions and policy uncertainty intensify, or unexpectedly high inflation in the United States triggers a stronger-than-anticipated monetary policy response. Tighter financial conditions in advanced economies could cause disruptive portfolio adjustments, sharp exchange rate movements, and further reductions in capital inflows to emerging markets, particularly those with greater vulnerabilities. The recovery has helped lift employment and income, has strengthened balance sheets, and has provided an opportunity to rebuild buffers. However, with risks shifting to the downside, there is greater urgency for policies to enhance prospects for strong and inclusive growth. Avoiding protectionist reactions to structural change and finding cooperative solutions that promote continued growth in goods and services trade remain essential to preserving and extending the global expansion.

At a time of above-potential growth in many economies, policymakers should aim to enact reforms that raise medium-term incomes for the benefit of all. With shrinking excess capacity and mounting downside risks, many countries need to rebuild fiscal buffers and strengthen their resilience to an environment in which financial conditions could tighten suddenly and sharply.

Global Growth Outlook

Global growth is expected to remain steady at 3.7 percent in 2020, as the decline in advanced economy growth with the unwinding of the US fiscal stimulus and the fading of the favorable spillovers from US demand to trading partners is offset by a pickup in emerging market and developing economy growth. Thereafter, global growth is projected to slow to 3.6 percent by 2022–23, largely reflecting a moderation in advanced economy growth toward the potential of that group. Growth in advanced economies will remain well above trend at 2.4 percent in 2018, before softening to 2.1 percent in 2019.

Overview of the World Economic Outlook Projections
(percent change, unless noted otherwise)

	Year over Year				Q4 over Q4[7]			
			Projections				Projections	
	2016	2017	2018	2019	2016	2017	2018	2019
World Output	**3.3**	**3.7**	**3.7**	**3.7**	**3.2**	**4.0**	**3.5**	**3.8**
Advanced Economies	**1.7**	**2.3**	**2.4**	**2.1**	**2.0**	**2.5**	**2.3**	**1.9**
United States	1.6	2.2	2.9	2.5	1.9	2.5	3.1	2.3
Euro Area	1.9	2.4	2.0	1.9	2.0	2.7	1.7	1.9
Germany	2.2	2.5	1.9	1.9	1.9	2.8	1.9	1.6
France	1.1	2.3	1.6	1.6	1.2	2.8	1.3	1.7
Italy	0.9	1.5	1.2	1.0	1.0	1.6	0.8	1.3
Spain	3.2	3.0	2.7	2.2	2.9	3.0	2.5	2.1
Japan	1.0	1.7	1.1	0.9	1.5	2.0	1.0	–0.3
United Kingdom	1.8	1.7	1.4	1.5	1.7	1.3	1.5	1.4
Canada	1.4	3.0	2.1	2.0	2.0	3.0	2.1	1.9
Other Advanced Economies[2]	2.3	2.8	2.8	2.5	2.6	2.9	2.8	2.4
Emerging Market and Developing Economies	**4.4**	**4.7**	**4.7**	**4.7**	**4.4**	**5.2**	**4.6**	**5.3**
Commonwealth of Independent States	0.4	2.1	2.3	2.4	1.0	1.7	2.2	2.3
Russia	–0.2	1.5	1.7	1.8	0.8	1.2	2.1	1.9
Excluding Russia	2.0	3.6	3.9	3.6	. . .	. . .	. . .	. . .
Emerging and Developing Asia	6.5	6.5	6.5	6.3	6.3	6.7	6.2	6.5
China	6.7	6.9	6.6	6.2	6.8	6.8	6.4	6.2
India[3]	7.1	6.7	7.3	7.4	6.1	7.7	6.5	7.9
ASEAN-5[4]	4.9	5.3	5.3	5.2	4.8	5.4	5.1	5.6
Emerging and Developing Europe	3.3	6.0	3.8	2.0	3.8	6.1	0.9	4.0
Latin America and the Caribbean	–0.6	1.3	1.2	2.2	–0.8	1.7	0.5	2.8
Brazil	–3.5	1.0	1.4	2.4	–2.4	2.2	1.7	2.5
Mexico	2.9	2.0	2.2	2.5	3.3	1.6	2.2	3.0
Middle East, North Africa, Afghanistan, and Pakistan	5.1	2.2	2.4	2.7	. . .	. . .	. . .	. . .
Saudi Arabia	1.7	–0.9	2.2	2.4	2.1	–1.4	3.5	2.1
Sub-Saharan Africa	1.4	2.7	3.1	3.8	. . .	. . .	. . .	. . .
Nigeria	–1.6	0.8	1.9	2.3	. . .	. . .	. . .	. . .
South Africa	0.6	1.3	0.8	1.4	1.0	1.9	0.5	0.9
Memorandum								
European Union	2.0	2.7	2.2	2.0	2.1	2.8	1.9	2.1
Low-Income Developing Countries	3.6	4.7	4.7	5.2	. . .	. . .	. . .	. . .
Middle East and North Africa	5.2	1.8	2.0	2.5	. . .	. . .	. . .	. . .

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during July 17–August 14, 2018. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = World Economic Outlook.

[2]Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

[3]For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year.

[4]Indonesia, Malaysia, Philippines, Thailand, Vietnam.

(Source: https://www.imf.org/en/Publications/WEO/Issues/2018/09/24/world-economic-outlook-october-2018*)*

Overview of the Indian Economy

India's growth is expected to increase to 7.3 percent in 2018 and 7.4 percent in 2019 (slightly lower than in the April 2018 World Economic Outlook ("**WEO**") for 2019, given the recent increase in oil prices and the tightening of global financial conditions), up from 6.7 percent in 2017. This acceleration reflects a rebound from transitory shocks (the currency exchange initiative and implementation of the national Goods and Services Tax), with strengthening investment and robust private consumption. India's medium-term growth prospects remain strong at 7¾ percent, benefiting from ongoing structural reform.

(Source: https://www.imf.org/en/Publications/WEO/Issues/2018/09/24/world-economic-outlook-october-2018*)*

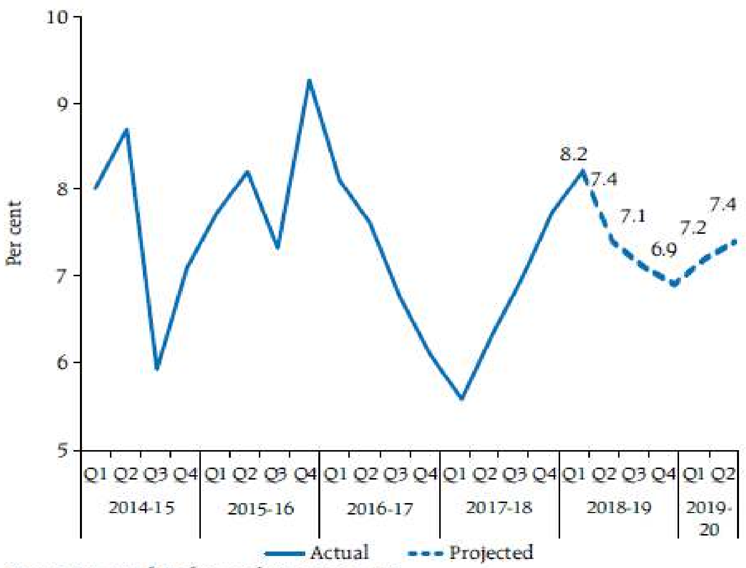
The Outlook for Growth

The April 2018 MPR had projected an acceleration in real gross domestic product (GDP) growth in 2018-19 on the back of: (a) the goods and services tax (GST) stabilising; (b) improving credit offtake; (c) likely boost to investment from primary market resource mobilisation; (d) the process of recapitalisation of public sector banks and resolution of distressed assets under the Insolvency and Bankruptcy Code (IBC); (e) buoyant global trade; and (f) the thrust to the rural and infrastructure sectors in the Union Budget 2018-19. Most of these have materialised, but to varying extent. However, global trade growth, as stated earlier, seems to be losing its synchronised momentum and this may hinder India's export prospects. The uneven spatial distribution of the south-west monsoon is another factor that has also imparted some uncertainty to the agricultural outlook and inflation.

Turning to forward-looking surveys, consumer confidence over the year ahead improved marginally in the September 2018 round of the Reserve Bank's survey, reflecting an optimism on incomes and prices. Optimism in the manufacturing sector for the quarter ahead improved in the September 2018 round of the Reserve Bank's industrial outlook survey on account of higher order books and selling prices.

In the September round of the Reserve Bank's survey, professional forecasters expected real GDP growth to decelerate from 8.2 per cent in Q1: 2018-19 to 6.9 per cent in Q4 and then recover to 7.4 per cent in Q2: 2019-20 (Chart I.9).

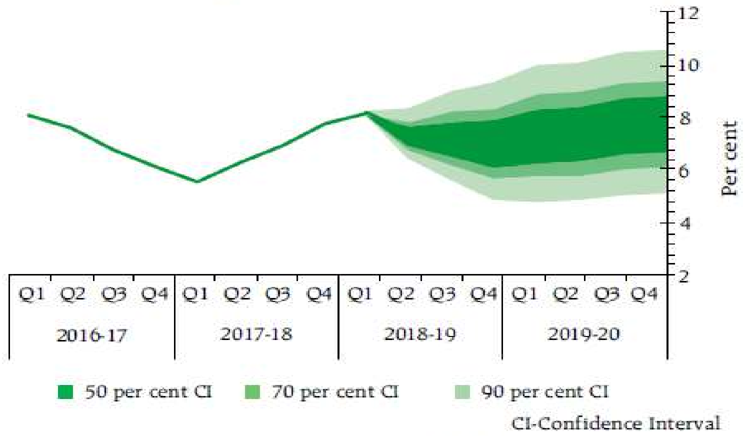
Chart I.9: Professional Forecasters' Projection of Real GDP Growth



Source: Survey of Professional Forecasters, RBI.

Taking into account the baseline assumptions, monetary policy tightening of 50 bps during June-August 2018, survey indicators and model forecasts, real GDP growth is projected to improve from 6.7 per cent in 2017-18 to 7.4 per cent in 2018-19 – 8.2 per cent in Q1, 7.4 per cent in Q2, 7.3 per cent in Q3 and 7.1 per cent in Q4 – with risks broadly balanced around this baseline path (Chart I.10). For 2019-20, structural model estimates indicate real GDP growth at 7.6 per cent, with quarterly growth rates in the range of 7.4-7.9 per cent, assuming a normal monsoon and no major exogenous or policy shocks. Strengthening investment activity and a further pick-up in credit growth impart an upside bias to the baseline growth projections. However, recent protectionist measures by major economies, threats of currency wars and the uncertainty associated with the pace of monetary policy normalisation in the US and other major advanced economies pose downside risks to the baseline growth path.

Chart I.10: Projection of Growth in Real GDP (y-o-y)



Note: The fan chart depicts uncertainty around the baseline projection path. The baseline projections are conditioned upon the assumptions set out in Table I.2. The thick green shaded area represents 50 per cent confidence interval, implying that there is 50 per cent probability that the actual outcome will be within the range given by the thick green shaded area. Like-wise, for 70 per cent and 90 per cent confidence intervals, there is 70 per cent and 90 per cent probability, respectively, that the actual outcomes will be in the range represented by the respective shaded areas.
Source: RBI staff estimates.

(Source:https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MPR20181903C4178AD08947D5A2BD6C315B3F121C.PDF)

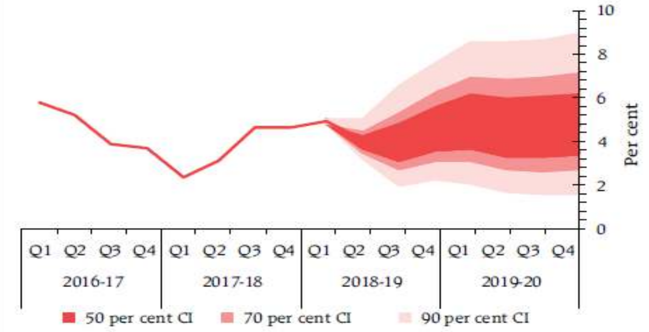
The Outlook for Inflation

Headline consumer price index (CPI) inflation averaged 4.4 per cent during 2018-19 up to August 4.1 per cent, 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.

Inflation expectations of urban households surveyed by the Reserve Bank exhibited a mixed picture in its September 2018 round2: they increased by 50 bps over the previous round for the three months ahead horizon and softened by 30 bps for the one year ahead horizon. The proportion of respondents expecting the general price level to increase by more than the current rate, however, declined marginally in the September round for the three months ahead horizon and was almost unchanged for the one year ahead horizon.

Professional forecasters surveyed by the Reserve Bank in September 2018 expected CPI inflation to fall from 4.8 per cent in Q1:2018-19 to 4.1 per cent in Q3 and then pick up to 5.1 per cent by Q2:2019-20. Taking into account the initial conditions, signals from forward-looking surveys and estimates from structural and other models5, CPI inflation is projected to pick up from 3.7 per cent in August 2018 to 3.9 per cent in Q3:2018-19 and 4.5 per cent in Q4:2018-19, with risks somewhat tilted to the upside (Chart I.6). The projected increase in inflation from current levels reflects the waning away of favourable base effects and anticipates the feeding through of the impact of the increase in MSPs into retail inflation. The direct impact of the increase in HRA by central government has started waning and will fade away completely by December 2018. Excluding the estimated impact of HRA for central government employees, CPI inflation is projected at 3.8 per cent in Q3:2018-19 and 4.5 per cent in Q4:2018-19. The 50 per cent and the 70 per cent confidence intervals for headline inflation in Q4:2018-19 are 3.6-5.7 per cent and 3.1-6.4 per cent, respectively.

Chart I.6: Projection of CPI Inflation (y-o-y)



Note: The fan chart depicts uncertainty around the baseline projection path. The baseline projections are conditioned upon the assumptions set out in Table I.2. The thick red shaded area represents 50 per cent confidence interval, implying that there is 50 per cent probability that the actual outcome will be within the range given by the thick red shaded area. Like-wise, for 70 per cent and 90 per cent confidence intervals, there is 70 per cent and 90 per cent probability, respectively, that the actual outcomes will be in the range represented by the respective shaded areas.
Source: RBI staff estimates.

For 2019-20, structural model estimates indicate that inflation will move in a range of 4.5-4.8 per cent, assuming a normal monsoon and no major exogenous/policy shocks. The 50 per cent and the 70 per cent confidence intervals for Q4:2019-20 are 3.4-6.3 per cent and 2.7-7.2 per cent, respectively.

There are upside and downside risks to the baseline inflation path. As stated earlier, the announced increase in MSPs for kharif crops has been much bigger than in the recent past, but there is considerable uncertainty about the exact impact of the scale and timing of government procurement operations. Other upside risks in the context of the baseline projection include supply disruptions in the global crude oil market, volatility in international financial markets and second round effects of the staggered HRA revisions by state governments. A major downside risk to the baseline could be decline in demand for oil due to global growth slowdown on account of rising trade tensions, which may help bring down oil prices.

(Source:https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MPR20181903C4178AD08947D5A2BD6C315B3F121C.PDF)

Auto Finance

In the auto financing segment, non-banking financial companies (NBFCs) accounted for almost half (~49%) of the market share in fiscal 2018. The NBFCs have steadily increased their share in the segment over years because of

- The specialised nature of NBFCs which helped them in better understanding the customer profiles and customised their products' offering to suit the needs of customers;

- Despite catering to riskier customer segments, stronger focus on collection has helped the NBFCs in managing the asset quality well and scale their business. NBFCs made collection convenient for the borrowers by offering;
  - Doorstep collection or collection at places where borrowers frequently visit.
  - Option of repayment in cash (however, now NBFCs are increasingly asking their customers to make repayment through non-cash modes).
  - Flexibility in repayment frequency, i.e., weekly, monthly or when customers have cash to repay. Additionally, NBFCs also offer flexibility in terms of amount which could be repaid in every repayment.
  - Additionally, NBFCs recruit local employees, which also help them in their sales and collection efficiency

- Latent credit demand for auto loans in riskier product segments, in riskier customer profiles and in semi urban/rural areas helped NBFCs to grow their book
  - In used-vehicle financing, NBFCs dominate majorly because of their expertise in asset valuation

- NBFCs are also dominant in lower ticket-size loans, such as two/three-wheeler segments, which are highly operationally intensive segments
- By using surrogates for credit appraisal, NBFCs have been able to cater to self-employed customers and salaried customers in informal sectors
- NBFCs enjoy high flexibility in terms of their operating structure. They have innovative channel strategies, such as opening a mini/rural branch, having tie-ups with unorganised brokers in areas where transporters (commercial vehicle) concentrated.

- Steady growth of captive financiers of leading Indian original equipment manufacturers (OEMs) and entry of foreign captive financiers along with their OEMs resulted in captive financiers to increase their market share
    - Captive financiers' share in auto financing has increased from 15.5% in fiscal 2013 to 18.0% in fiscal 2018
    - Captive financiers are gaining market share mainly on account of large network of their dealerships where significant proportion of auto loans originate

- Improvement in ratings helped large NBFCs in the segment to diversify their source of funding and lower their cost of funds, to support their growth
    - Share of capital market in the funding mix of auto financing NBFCs increased from 41% in fiscal 2015 to 50% in fiscal 2018

CRISIL Research expects the auto financing industry to grow at a CAGR of 17% during fiscal 2018 and fiscal 2020 - Increasing affordability, commercial vehicle (CV) demand from road and mining will drive disbursement growth in near term.

- Growth for banks expected to be higher at 17-19%, on account of strong growth in new medium and heavy commercial vehicles (MHCVs) and new passenger vehicle (PVs) segments.
- The loan outstanding of NBFCs in the auto finance industry to grow at a CAGR of ~15-17%. Growth for NBFCs to mainly come from new LCV (light commercial vehicles, used CVs, used PVs, tractors, two wheelers and three wheelers segments.

New vehicle financing to drive disbursement growth over next two years - The growth has not been much in used vehicle financing on account of lower stock availability in replacement market in last 3-4 years. The trend is expected to continue over next two years.

- Consequently, share of used vehicle disbursement in overall disbursement to reach ~36% in fiscal 2020 from ~38.6% in fiscal 2018

Market share, resource profile and profitability of captive and non-captive NBFCs

Share of captive NBFCs expected to remain stable in fiscal 2019 - The steady growth of captive financiers of leading Indian original equipment manufacturers (OEMs) and the entry of foreign captive financiers with their OEMs has resulted in captive financiers increasing their market share during fiscals 2013 and 2018.

The trend is expected to continue in fiscal 2019, supported by the expansion of the dealer networks of OEMs (Indian and foreign) of captive financiers. Captive financiers have advantages over non-captive financiers as they serve the entire ecosystem — OEMs, dealers and customers.

Captive NBFCs have been gaining market share steadily, on account of:

- Their large dealership networks, where a significant proportion of auto loans originate
- The higher degree of convenience they offer to customers
    - Besides plain financial products, captive NBFCs provide alternative financing products like leasing, step-up or stepdown, bullet or balloon payments
    - Also, they sometimes bundle insurance, maintenance contracts and other after-sales services in their loan products
- Captive financiers support their respective OEMs in their growth and profitability
    - By offering financial products to channel partners (working capital for dealers)
    - By running schemes like interest-free periods and subventions to support dealer profitability

CRISIL Research expects the used-car finance market to grow at 10% compound annual growth rate (CAGR) over the next two years to Rs 682 billion by fiscal 2020 on account of:

- A fall in car retention period by about 2 months to ~46 months over the period
- A 30-40 bps increase in the share of the organised car dealers; their sales are expected to grow 18-22% compared with overall used-car sales growth of 10-11%
- A healthy CAGR of 9-11% in addressable households
- An increased focus of NBFCs on the used-car segment as banks shift to new cars

NBFCs strengthening their grassroots presence with focus on improving operational efficiency

Strong grassroot presence enables NBFCs to have better understanding of their customer segments and geographies, which help them in developing products better suited to their customers.

For growth NBFCs' have started

1. Focusing on strengthening their presence and expanding their reach further by
    - Increasing penetration into rural and urban centres
    - Building partnerships with private financiers (private financiers take the credit risks whereas the NBFCs provide the loans) in the un-organised market to leverage their local knowhow to enhance the market share.
2. Diversifying into non-auto segments
    - to bring down the opex-to-AUM ratio by supporting AUM growth
    - to reduce concentration risk of their earning profile
    - diversification of products also help financiers to increase cross sell opportunities to captive customer base

MSME Finance

Micro, small, and medium enterprises (MSMEs) complement large corporates as suppliers and directly cater to end-users. 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. The segment contributed to 29% of the gross domestic product as of fiscal 2016, thus supporting the country's economic development and growth.

Market size, growth outlook and key growth drivers

Loans against property (LAPs) gaining popularity

LAP growth to remain healthy over the next 2 years - A LAP is availed of by mortgaging a property (residential or commercial) with the lender. The end-use of the loan amount is not closely monitored. It could be used for either business or personal purposes. It can be availed of by both salaried and self-employed individuals. LAP is a secured loan, as it provides collateral to the financier in the form of the property. Its interest rate is lower compared with personal or business loans. For all these reasons, LAPs have grown popular among borrowers in recent years.

LAP market picked up pace in fiscal 2018 as demonetisation and Goods and Services Tax (GST) impact wore off - CRISIL Research estimates the total outstanding LAP to have grown at a compounded annual growth rate (CAGR) of 25% over the past 5 years to reach Rs 4.0 trillion by March 2018. Growth was led by increase in product awareness coupled with increase in financier's willingness to lend. LAPs offer relatively lower turnaround time, bear lower interest rate, and also requires less documentation compared with other secured SME products. Moreover, rising property prices, increase in formalisation in the economy, rise in loan-to value ratios, and greater penetration beyond top 10 cities have also supported strong LAP growth.

Housing Finance

HFCs clocked strong growth between fiscals 2013 and 2018 - CRISIL Research estimates that home loans outstanding of housing finance companies (HFCs) grew at a compounded annual growth rate (CAGR) of 21% to Rs 6.3 trillion between fiscals 2013 and 2018. Demand for individual home loans rose on account of increasing demand from tier 2 and 3 cities, rising disposable incomes, interest rate subventions, and fiscal incentives on housing loans.

Growth momentum to continue at a robust pace (outstanding size in Rs bn)

E: estimated; P: projected; Source: Reserve Bank of India, Company reports, CRISIL Research

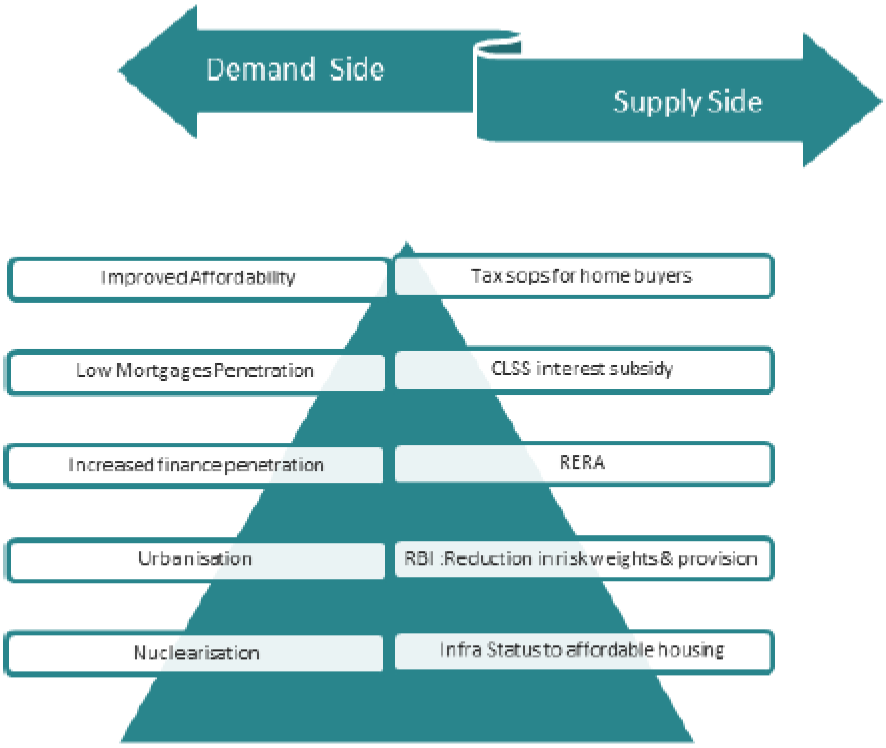
HFCs' outstanding to more than double over next 5 years to ~Rs 15 trillion - The housing portfolio of HFCs' total outstanding is projected to clock 18-19% CAGR, growing from Rs 6.3 trillion in fiscal 2018 to Rs 14.8 trillion in fiscal 2023. Growth will be mainly supported by deeper finance penetration, greater affordability, and latent demand for affordable dwellings. Growth in housing units in tier 2, 3, and other smaller cities, urbanisation, greater transparency on account of new regulations, and strong government focus, will aid growth prospects of product mix tilts towards higher-yielding assets.

HFCs gain ~400 bps market share from banks over the last 5 years - Although banks currently have a higher share in housing loan outstanding (61% as of 2018), it has been on a declining trend with HFCs gaining share in the last 5 years. Going forward too, HFCs market share is likely to increase even when banks also are relatively more aggressive. This will be due to HFCs' increased presence in untapped market, greater focus on home loans, strong origination skills and relatively superior customer service. Additionally, expansion in branches and well distributed network of HFCs will support their growth in extensive competitive market.

HFCs are transitioning their product mix towards higher-yielding assets - CRISIL Research estimates that HFCs' total loan outstanding (housing loans, LAPs, developer loans and others) increased 20% on-year in fiscal 2018. LAP increased fastest among all, as its share widening to ~19% from 12% over the past three years. Whereas share of wholesale finance remain stable as banks are reluctant to lend owing to higher delinquency in the past.

Mid and small HFCs to grow faster than large HFCs - We expect higher growth for mid-sized and small HFCs, given their focus on affordable housing projects and relatively higher concentration in tier 2 and smaller cities, where growth has been higher over the past years. On the other hand, metros have seen some moderation in housing demand owing to decline in affordability levels owing to high property prices. Our forecast is further supported by our expectation of demand growth for affordable housing to exceed overall housing demand growth over the next 2 years, owing to greater focus of real estate developers in this segment.

Growth Drivers



Source: CRISIL Research

Improved Affordability - India's per capita GDP grew at a healthy rate in the three years up to fiscal 2018. It rose to ₹ 126,000 in fiscal 2018(base year 2011-12). In real terms, per capita GDP is estimated to have grown 8.1% in fiscal 2018 compared with 8.6% in the preceding fiscal. Among India's GDP components, private consumption is the biggest contributor at ~58% in fiscal 2018. Per capita GDP, a proxy to measure private consumption, is estimated to have grown 8.1% in fiscal 2018. With GDP accelerating in fiscal 2019, per capita GDP is expected to grow faster.

Low mortgage penetration - India's mortgage-to-GDP ratio was still low at 10% in fiscal 2016 compared with other developing countries, but it has improved from 7.4% in fiscal 2010, given rising incomes, improving affordability, growing urbanisation and nuclearisation of families, emergence of tier-II and tier-III cities, ease of financing, tax incentives, and widening reach of financiers. Based on CRISIL Research analysis, mortgage penetration in India is 9-11 years behind other regional emerging markets, such as China and Thailand. However, due to various structural drivers, such as a young population, smaller family sizes, urbanisation and rising income levels, we believe growth rates in the mortgage segment should remain healthy over the long term.

Rise in finance penetration to drive industry - An increase in finance penetration is also expected to support the industry's growth. Rising demand for housing from tier-II and tier-III cities, and a subsequent surge in construction activity, have increased the focus of financiers on these geographies. Consequently, finance penetration in urban areas is estimated to have increased to 44.5% in 2018, from an estimated 39% in 2012. Boosted by the affordable housing push and rising competition in higher ticket size loans, we expect finance penetration to increase to 45% in urban areas fiscal 2020.

Expansion in branches and well network of HFCs spurred retail housing finance growth - The branch network of HFCs expanded at a CAGR of 22% over the past 3 years. CRISIL Research expects growth to continue over the next two years as new players enter the market, and some existing ones expand their geographical presence across the country. Though players are equally focusing on the digital channel, presence gives them an identity in that particular geography. Apart from branch network expansion, players are also expanding their footprints in newer cities. In last three years players reach to new cities is increased by 30%.

Rapid urbanisation will boost housing demand - Despite a flourishing housing finance industry, India still faces a huge shortage of houses, especially in the urban areas. The share of urban population rose steadily from 31% in 2011 to an estimated 33.9% in 2018. CRISIL Research expects urbanisation to accelerate, with the urban population growing at a CAGR of 2.0-2.5% between 2018 and 2022, compared with the overall population growth of 1.2% during the same period. The increasing urbanization will boost per-capita GDP, as was evident during the previous five years, and also enhance financial literacy and quality of living. Urbanisation has a twin impact on housing demand: it results in a rise in the number of nuclear families, leading to the formation of more urban households, and reduces the area requirement per household. Urbanisation provides an impetus to housing demand in urban areas as migrants from rural areas require dwelling units. People from rural areas move to cities for better job opportunities, education, avail better lifestyle etc. Nearly 36% of the country's population is expected to live in urban locations by 2020, which will drive the demand for housing in these areas.

Rise in nuclear families leads to the formation of new houses - Nuclearisation refers to formation of multiple single families out of one large joint family; each of these families live in separate houses while the ancestral house may be retained or partitioned to buy new houses. Nuclearisation in urban areas is primarily driven by changing lifestyle of people, individualism, changing social/cultural attitudes and increased mobility of labour in search of better employment opportunities. These trends are expected to continue in future.

Traditional tools to promote the housing sector : Tax incentives - The government has traditionally used tax regulations to promote the housing sector. Tax sops for the housing sector have been instrumental in driving growth in the housing and housing finance sectors.

Interest subvention scheme will lead to a surge in loan disbursements over the next 3-5 years - The Cabinet Committee on Economic Affairs approved a proposal to increase the interest subsidy to 6.5% for loans of up to ₹ 0.6 million the for economically weaker section (EWS) and lower income group (LIG) beneficiaries under Affordable Housing through Credit-Linked Subsidy Scheme (CLSS) component of the Housing for All by 2020 mission. In February 2017, benefits of the CLSS were extended to include middle-income group households as well. inclusion of middle-income group (MIG) households, whose incomes range between Rs 6 lakh and Rs 18 lakh per annum under the credit-linked interest subsidy scheme, will lead to a surge in loan disbursements over next fiscal years, leading to faster outstanding growth. Higher government support for the affordable-housing segment (in terms of interest rate subsidies) as well as a low interest rate scenario will boost overall housing loan demand over next two fiscal years.

Effective implementation of RERA will led greater transparency and drive growth in the long term - Real Estate (Regulatory & Development) Act, 2016, could have some impact over next 1-2 fiscal years until the industry adjusts to the new regulations, as RERA has forced developers to focus on completing their existing projects. This, coupled with sluggish demand, has resulted in fewer new launches of residential properties. However, CRISIL Research expects RERA will lead to better structure, transparency and discipline in the sector in future.
Reduction in risk weights will boost housing credit growth - The risk weights for individual housing loans has been reduced to 50% from 75% for home loans above Rs 7.5 million will reduce the risk weights thereby freeing up the capital .The regulators (RBI for banks, and NHB for HFCs) have been progressively reducing the risk weights for housing loans, taking into cognizance the healthy asset quality of the asset class.

Key regulatory distinction between NBFC and banks

Given the importance of NBFCs in financial system, especially in accessing public funds and inter-connectedness with banking, they are subject to prudent regulations by the Reserve Bank of India. Further, rapid growth of NBFCs has gradually blurred dividing lines between banks and NBFCs. While the regulations are moving towards a convergence of norms for banks and NBFCs, there are certain differences in statutory liquidity ratio (SLR) requirements, applicability of cash reserve ratio (CRR) and priority sector norms. The Union Budget 2015-16 allowed NBFCs with an asset base of ₹ 5,000 million and above to use the SARFAESI Act in respect of loans worth ₹ 10 million and above, thus enabling them to reduce their non-performing assets (NPAs) by adopting measures for recovery or reconstruction.

Regulatory distinction between banks and NBFCs

		NBFC - ND - SI	NBFC - D	Banks* (Basel - III)
Minimum net owned funds		₹ 20 million	₹ 20 million	₹ 5 billion
Capital adequacy		15.0%	15.0%	9.0%
Tier - I capital	Mar-15	7.5%#	7.5%#	7.0%
	Mar-16	8.5%	8.5%	7.0%
	Mar-17	10%	10%	7.0%
GNPA recognition	Mar-15	180 days	180 days	90 days
	Mar-16	150 days	150 days	90 days

		NBFC - ND - SI	NBFC - D	Banks* (Basel - III)
	Mar-17	120 days	120 days	90 days
	Mar-18	90 days	90 days	90 days
Cash reserve ratio (CRR)		N.A	N.A	4.0%
Statutory liquidity ratio (SLR)		N.A	15.0%	19.5%
Priority sector		N.A	N.A.	40% of advances
SARFAESI eligibility		Yes*	Yes*	Yes
Exposure norms		Single borrower: 15% (+10% for IFC) Group of borrowers: 25% (+15% for IFC)	Single borrower: 15% Group of borrowers: 25%	Single borrower: 15% (+5% for infrastructure projects) Group of borrowers: 40% (+10% for infrastructure projects)
Standard asset provisioning	Mar-15	0.25%	0.25%	0.40%
	Mar-16	0.30%	0.30%	0.40%
	Mar-17	0.35%	0.35%	0.40%
	Mar-18	0.40%	0.40%	0.40%

Notes:
n.a: not applicable
Minimum net owned funds for NBFC-MFI and NBFC - Factors is ₹ 50 million
#currently 10% for Infrastructure finance companies and proposed to be increased to 10% for all NBFCs except - gold loan NBFCs, captive NBFCs and NBFCs lending to sensitive sectors, who will have to maintain 12%.
Under phase-wise implementation of Basel III by March 2018; numbers are excluding capital conservation buffer of 2.5%
**Union budget 2015-16 allowed NBFCs to use SARFAESI Act, NBFCs with asset base of ₹ 5,000 million or above, in respect of loans ₹ 10 million or above*
Source: RBI, CRISIL Research: CRISIL Research – Assessment of various financial products dated February 2018

NBFCs lend and make investments similar to banks; however, there are a few differences: NBFCs cannot accept demand deposits or issue cheques drawn on themselves; they do not form part of payment and settlement system; and deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.

In January 2014, the Reserve Bank of India aligned loan restructuring norms of NBFCs with those of banks. The guidelines are applicable for all NBFCs in corporate debt restructuring (CDR) as well as non-CDR (bilateral) cases. The guidelines stipulate provisioning to be increased to 5% for fresh accounts (flow) with immediate effect while in case of stock; the provisioning has to gradually increase to 5% by fiscal 2018. Restructuring of accounts were withdrawn from April 1, 2015, and any change in terms/conditions of lending with regards to interest rate and tenure would be considered as restructuring (except in cases where delay is on account of extension in date of commencement of commercial operations). Even Gross NPA recognition norms will be aligned with those of banks by March 31, 2018.

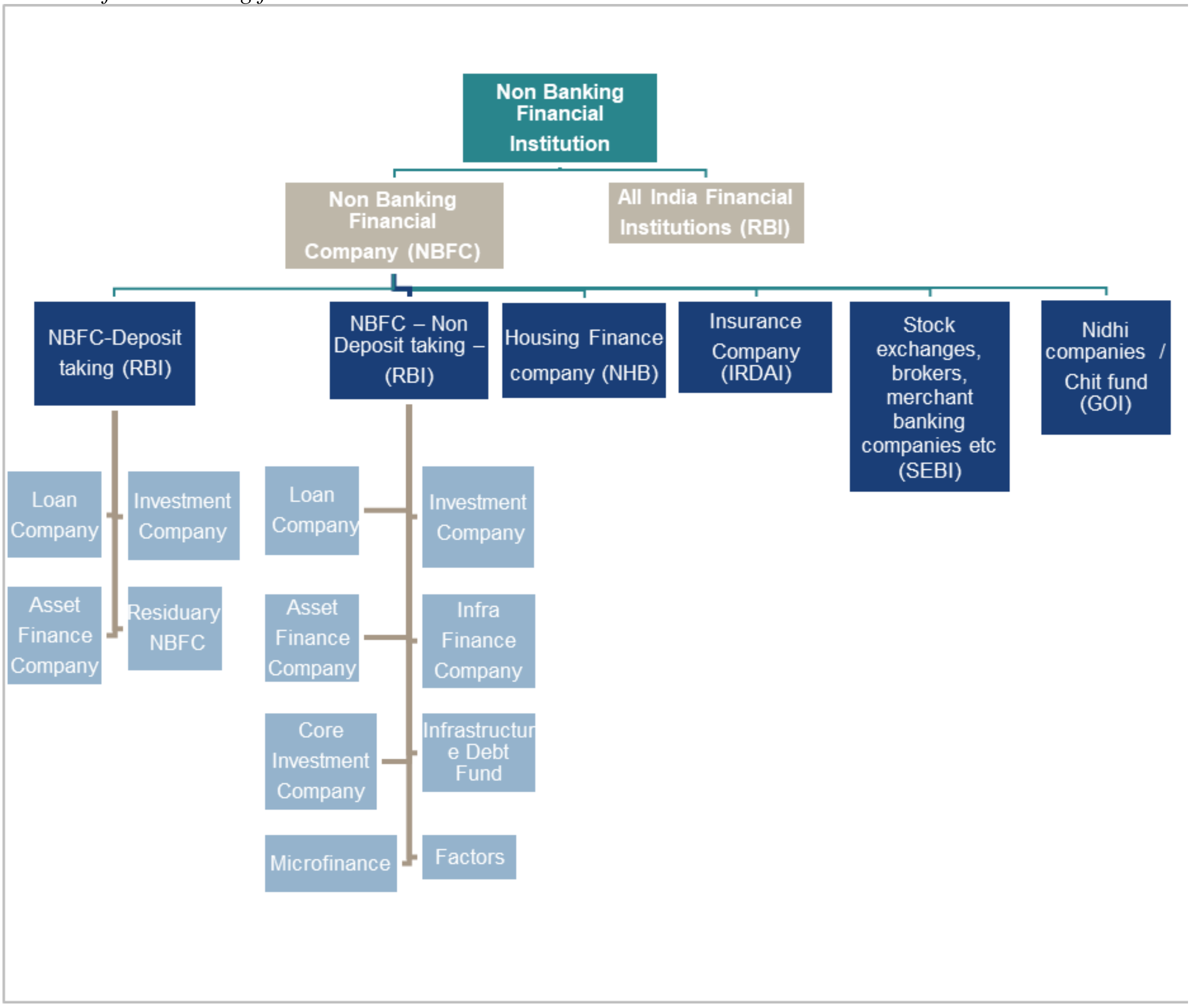
New provisioning requirement for NBFCs

Particulars	Provisioning requirements
On Stock of loans class as restructured as of March 31, 2015	
- as of March 31, 2015	2.75%
-as of March 31, 2016	3.50%
-as of March 31, 2017	4.25%
-as of March 31, 2018	5%
On fresh loans sanctioned+ restructured after March 31, 2015	5%

Constituents of NBFC industry in India

The Indian financial system includes banks and non-banking financial institutions. Though the banking system dominates financial services, non-banking financial institutions have grown in importance by carving a niche for themselves in under-penetrated regions and unbanked segments.

Structure of non-banking financial institutions in India



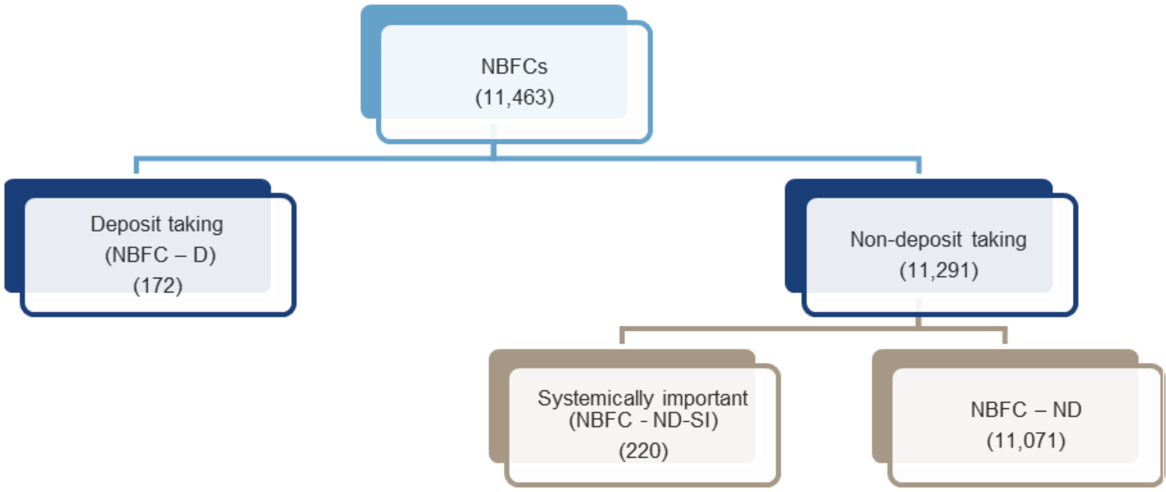
Note: The regulatory authority for the respective institution is indicated within the brackets.
All-India financial institutions include NABARD, SIDBI, and EXIM Bank.
Source: RBI,

Classification of NBFCs

NBFCs are classified on the basis of liabilities into two broad categories: a) deposit-taking; and b) non-deposit-taking. Deposit-taking NBFCs (NBFC-D) are subject to requirements of capital adequacy, liquid assets maintenance, exposure norms, etc.

Further, in 2015, non-deposit-taking NBFCs with an asset size of ₹ 5,000 million and above were labelled as 'systemically important non-deposit taking NBFCs' (NBFC–ND–SI) and separate prudential regulations were made applicable to them.

Classification of NBFCs based on liabilities



Note: Figures in brackets represent the number of entities registered with RBI as of August 2017.
Source: RBI,

Disclaimer:

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OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 14 for a discussion of the risks and uncertainties related to those statements and also "Risk Factors" on page 17 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year.

Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on the Reformatted Financial Information, the Q2 Unaudited Financial Results and the Q3 Unaudited Financial Results, included in this Shelf Prospectus. For further information, see "Financial Statements" on page 122 and "Material Developments" on page 328.

In this section, unless the context otherwise requires, a reference to "our Company" is a reference to Magma Fincorp Limited on a standalone basis, while any reference to "we", "us" or "our" is a reference to Magma Fincorp Limited on a consolidated basis.

Overview

We are a non-banking finance company, incorporated on December 18, 1978 as ARM Group Enterprises Private Limited. Subsequently, our Company was converted into a public limited company in 1980 and the name of our Company was subsequently changed to Magma Leasing Limited in 1993. In 2008, our Company name was changed to Magma Fincorp Limited. We commenced our financing business in 1989, and have almost three decades of experience in such business.

We are engaged in providing asset backed financing for new and pre-owned auto and utility vehicles, tractors, cars and commercial vehicles, mortgage financing, financing to SMEs and distribution of general insurance products. Our customers include first-time buyers of vehicles, self-employed and non-professional individuals, small and medium entrepreneurs and customers with informal income and limited banking and credit history. As of December 31, 2018, we had around 12 lakh active customers, of which approximately 4 lakh active customers were in our financing businesses and approximately 8 lakh active customers in our insurance business.

We have a widespread branch network that forms an integral part of our ability to service our customers. As of December 31, 2018, we had a presence across 21 States in India through 309 branches.

Our principal business verticals include:

Asset Backed Finance. We are engaged in financing of vehicles and construction equipment, which we divide into six categories: cars, commercial vehicles, construction equipment, tractors, pre-owned vehicles and auto lease. Our customers include first time buyers, farmers, small businesses and self-employed individuals. Total AUM in the asset backed finance business was ₹10,87,716.36 lakhs as of March 31, 2018 and ₹ 11,29,057.31lakhs as of December 31, 2018.

Mortgage Finance. We offer housing loans, loans against property and construction finance loans for real estate developers. Total AUM in the mortgage finance business was ₹2,73,446.70 lakhs as of March 31, 2018 and ₹ 2,97,254.17 lakhs as of December 31, 2018.

Small and Medium Enterprise (SME) Finance. We provide loans primarily to small and medium size manufacturers, distributors, dealers and service providers engaged in various industries. These are collateral-free loans taken by SMEs for the purpose of working capital management, purchase of machinery and business expansion. Total AUM in the SME finance business was ₹1,94,310.83 lakhs as of March 31, 2018 and ₹ 2,24,399.09 lakhs as of December 31, 2018.

General Insurance. We offer a range of general insurance products that include motor, health, liability, fire, engineering, marine and other insurance products. We offer a range of general insurance products that include motor, health, liability, fire, engineering, marine and other insurance products. We sell our general insurance products through Magma HDI General Insurance Company Limited, a joint venture with HDI Global SE, Germany. Gross written premium of our general insurance business undertaken through Magma HDI was ₹

56,028.08 lakhs for Fiscal 2018 and ₹ 66,729.58 lakhs for the nine months ended December 31, 2018.

The following table sets forth certain information relating to our operations and financial performance in the periods specified on a consolidated basis, unless otherwise stated::

(₹ lakhs, except ratios and percentages)

	As of / for the year ended March 31, 2016	**As of / for the year ended March 31, 2017**	**As of / for the year ended March 31, 2018**
AUM(1)			
Asset Backed Finance	13,08,482.73	11,17,965.79	10,87,716.36
Mortgage Finance	3,36,777.18	3,02,975.38	2,73,446.70
SME Finance	1,73,063.35	1,88,872.57	1,94,310.83
Total AUM	**18,18,323.26**	**16,09,813.74**	**15,55,473.89**
Total Debt	**11,84,552.88**	**10,07,531.71**	**9,76,973.53**
Long Term Borrowing	3,31,316.17	3,10,929.43	2,56,339.12
Short Term Borrowing	7,00,455.58	5,48,022.99	6,13,505.94
Current maturities for long term borrowings	1,52,781.13	1,48,579.29	1,07,128.47
Fixed Assets	27,845.91	28,525.93	20,036.64
Non-Current Assets (excluding fixed assets)	10,01,003.43	8,61,296.71	8,91,756.78
Cash and Bank balances	40,838.46	35,330.96	41,791.58
Current Investments	7,552.62	7,356.05	12,573.25
Current Assets (excluding cash and bank balances and current investments)	4,78,178.89	4,29,713.22	4,03,968.39
Current Liabilities (excluding current maturities of long term debt and short term borrowing)	1,15,325.57	1,11,470.70	1,27,941.95
Off Balance Sheet Assets(2)	4,08,431.81	4,13,253.04	3,51,090.64
Net Worth (net of goodwill)(3)	2,09,009.79	2,11,093.35	2,31,949.85
Return on Average Net Worth(3)	11.06%	0.97%	10.40%
Revenue from operations (including operating result from general insurance business) (4)	2,47,219.54	2,35,033.24	2,24,205.29
Interest/Finance Income	2,33,238.90	2,23,589.23	2,06,782.65
Finance cost	1,19,159.57	1,13,130.24	90,546.05
Provisioning and bad debts write-offs	37,497.60	60,685.95	37,386.54
Profit after tax (before minority interest)	21,347.87	1,273.23	23,042.41
Gross NPA(6)	1,46,467.28	1,07,971.15	1,09,173.28
Gross NPA/ AUM (%)(7)	8.1%	6.7%	7.0%
Net NPA(6)	1,15,161.50	88,885.13	79,489.31
Net NPA/ AUM (net of provision) (%)(7)	6.4%	5.6%	5.2%
Disbursement(5)	7,18,030.54	6,71,581.70	7,28,680.17
General Insurance (Gross Written Premium)	42,736.70	42,287.96	56,028.08
Tier I Capital (on standalone basis)	1,77,099.10	1,63,262.35	1,94,960.63
Tier II Capital (on standalone basis)	49,945.36	52,583.50	38,793.96
Total Capital (on standalone basis)	2,27,044.46	2,15,845.85	2,33,754.59
Total Risk Weighted Assets (on standalone basis)	12,12,877.16	10,59,865.85	11,27,293.53
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))(on standalone basis)	14.6%	15.4%	17.3%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%)) (on standalone basis)	4.1%	5.0%	3.4%
Total Capital (as a Percentage of Total Risk Weighted Assets (%)) (on standalone basis)	**18.7%**	**20.4%**	**20.7%**

1. *AUM represents loans and advances to customers and assigned or securitized contract balances of our Company on a consolidated basis as of the end of the relevant year/period. AUM includes long-term loans and advances, short-term loans and advances, fixed assets on operating lease and loans securitized / assigned.*
2. *Off Balance Sheet Assets represent our securitized and assgined loan portfolio for Fiscal 2016, Fiscal 2017 and Fiscal 2018.*
3. *Return on Average Net Worth is calculated as the aggregate of Net Profit after minority interest and distributing preference dividend on a consolidated basis for the relevant year/ period as a percentage of Average Net Worth (net of goodwill) on a consolidated basis in such year/ period. Net Worth represents the sum of the paid-up equity share capital and reserves and surplus (including securities premium account and statutory reserve and surplus in statement of profit and loss) and fair value change account.*
4. *Revenue from Operations includes operating result from general insurance business and other Joint Venture(s) upto March 31, 2018.*
5. *Disbursements represent the aggregate of sanctioned amounts for disbursement to customers in the relevant year/ period,*

and include any amounts sanctioned and reflected as an advance in our Company's consolidated balance sheet as of the relevant date.

6. *The Company classifies non-performing assets (NPAs) at 3 months overdue and is compliant with the requirement for Fiscal 2018, in a phased manner over 3 years commencing from Fiscal 2016, as per the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016. For Fiscal 2016 and Fiscal 2017, the Company classified non-performing assets (NPAs) at 4 months overdue and accordingly the above figures are not comparable to that extent.*

7. *Gross NPA and Net NPA% has been calculated on total book upto March 31, 2018 under Indian GAAP.*

The following table sets forth certain information relating to our operations and financial performance in the periods specified on a consolidated basis, unless otherwise stated:

(₹ lakhs, except ratios and percentages)

	As of/for the six months ended September 30, 2018
AUM[1]	
Asset Backed Finance	11,64,445.09
Mortgage Finance	2,81,730.48
SME Finance	2,16,122.10
Total AUM	**16,62,297.67**
Total Debt	**12,06,090.56**
Long Term Borrowing	3,00,249.87
Short Term Borrowing	9,05,840.69
Fixed Assets	19,980.30
Non-Current Assets (excluding fixed assets)	9,47,660.54
Cash and Bank balances	46,001.04
Current Assets (excluding cash and bank balances and current investments)	5,31,681.05
Current Liabilities	80,425.86
Off balance sheet assets	1,30,560.33
Net Worth (net of goodwill) [2]	2,56,605.12
Return on Average Net Worth[2]	12.80%
Revenue from operations (including operating result from general insurance business) [3]	1,21,046.63
Interest/Finance Income	1,14,436.61
Finance cost	53,957.75
Provisioning and bad debts write-offs	17,197.62
Profit after tax (before minority interest)	14,472.09
Gross NPA[5]	1,45,160.57
Gross NPA/ AUM (%)[6]	9.5%
Net NPA[5]	63,103.29
Net NPA/ AUM (net of provision) (%)[6]	4.4%
Disbursement[4]	4,04,032.87
General Insurance (Gross Written Premium)	40,032.97
Tier I Capital (on standalone basis)	2,07,162.59
Tier II Capital (on standalone basis)	58,569.33
Total Capital (on standalone basis)	2,65,731.92
Total Risk Weighted Assets (on standalone basis)	12,02,455.61
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))(on standalone basis)	17.2%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))(on standalone basis)	4.9%
Total Capital (as a Percentage of Total Risk Weighted Assets (%))(on standalone basis)	**22.1%**

1. *AUM represents loans and advances to customers and assigned or securitized contract balances of our Company on a consolidated basis as of the end of the relevant year/period. AUM includes long-term loans and advances, short-term loans and advances, fixed assets on operating lease and loans securitized / assigned.*
2. *Return on Average Net Worth is calculated as the aggregate of Net Profit after minority interest and distributing preference dividend on a consolidated basis for the relevant year/ period as a percentage of Average Net Worth (net of goodwill) on a consolidated basis in such year/ period. Net Worth represents the sum of the paid-up equity share capital and reserves and surplus (including securities premium account and statutory reserve and surplus in statement of profit and loss). Return on Average Net Worth, for the six months ended September 2018 has been presented on an annualized basis. Average net worth on September 30, 2018 is average of recalculated net worth under Ind AS as on March 31, 2018 and September 30, 2018.*
3. *Revenue from Operations includes operating result from general insurance business and other Joint Venture(s) upto March 31, 2018 and excludes the same for period ended September 30, 2018 as consolidation under Ind AS has been done using equity pick-up method for the period ended September 30, 2018.*
4. *Disbursements represent the aggregate of sanctioned amounts for disbursement to customers in the relevant year/ period, and include any amounts sanctioned and reflected as an advance in our Company's consolidated balance sheet as of the*

relevant date.

5. *The Company classifies non-performing assets (NPAs) at 3 months overdue and is compliant with the requirement for the financial year 2017-18, in a phased manner over 3 years commencing from the financial year 2015-16, as per the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016. For the Fiscal 2016 and 2016-17, the Company classified non-performing assets (NPAs) at 4 months overdue and accordingly the above figures are not comparable to that extent.*
6. *Gross NPA and Net NPA% has been calculated on On-book (includes PTC but excludes DA) for September 30, 2018, i.e. ₹15,31,737.34 lakhs.*

Our revenue from operations includes operating result from general insurance business and other Joint Venture(s) upto March 31, 2018. However, revenue from operations for nine months ended December 31, 2018 excludes operating result from general insurance business and other Joint Venture(s) as consolidation under IND AS is done using Equity pick up method. Accordingly, our revenue from operations in Fiscal 2016, 2017, 2018 and the nine months ended December 31, 2018 was ₹ 2,47,219.54 lakhs, ₹ 2,35,033.24 lakhs and ₹2,24,205.29 lakhs and ₹ 1,83,519.69 lakhs, respectively and total profit after tax (before minority interest) for such periods was ₹ 21,347.87 lakhs, ₹ 1,273.23 lakhs, ₹ 23,042.41 lakhs and ₹ 21,870.66 lakhs, respectively.

We have implemented a new management structure with each segment led by an experienced management team that comprises a chief executive officer and supported by national level managers. In addition, we are working towards re-engineering our business processes through use of technology and customer service initiatives to achieve an improved and quality portfolio. We have a collection process and risk management framework that we believe has resulted in improvement of our asset quality.

Competitive Strengths

We believe that the following are our key competitive strengths:

Comprehensive understanding of rural and semi-urban markets

We believe that our comprehensive understanding of rural and semi-urban markets and strategic focus on individuals and customer segments that are underserved by formal financing channels has led to our growth. We have almost three decades of experience in rural and semi-urban markets, which has led to a significant understanding of local characteristics of these markets and has allowed us to address the unique needs of our customers.

We have adapted to markets that offer opportunities and are affected by limitations of rural infrastructure and have developed a diversified customer base of farmers, low income customers and small and medium business entrepreneurs. We strategically target these customers and operate a network to profitably and effectively serve these customer segments.

In addition, we understand the challenges and limitations of rural infrastructure and have adapted our processes and systems to overcome such limitations and challenges. We hire employees with knowledge of the local markets and have implemented a de-centralized process to approve loans that meet pre-determined criteria. Our executives use hand-held devices and printers to upload customer information and receive approvals for proposals at the time of origination and to record and generate payment receipts while collecting loan payments at the customer's home or business location. Face-to-face interactions with customers lead to a better understanding of the requirements of our customers and enables us to be more responsive to local market demand. The uploaded information also permits us to review and analyze customer information and performance of our executives to improve customer service efficiency. We have adopted simple and prompt loan approval and documentation procedures.

Our relationships with our customers developed from in-person customer contact, the reach of our office network, local knowledge and our continued association with automotive, farm equipment and car dealers has, we believe, enabled us to build a recognizable brand in the rural and semi-urban markets of India.

Extensive distribution network

We operate an extensive network of 309 branches spanning across 21 States as of December 31, 2018. The reach of our network of branches allows us to service our existing customers and attract new customers as a result of relationships cultivated through proximity and frequent interaction by our employees.

Our wide distribution network allows us to lend across the country and enables us to mitigate our exposure to local economic factors and disruptions resulting from political circumstances or natural disasters. We believe that our widespread branch network reduces our reliance on any one region in India and allows us to apply best practices developed in one region to other regions. Furthermore, our well-developed distribution network in rural India gives us the capability to offer a variety of financial products nationally including in remote areas. We also operate through our DDSAs and branches. Customers of these DDSAs automatically become customers of the associated branches, allowing them to conduct their operations needs at the associated branch. Through our DDSAs, we are able to provide personalised services in close proximity to our customers.

In addition, our extensive office network benefits from a de-centralized approval system, which allows each office to grow its business organically as well as leverage their customer relationships by offering insurance products. We service multiple products through our branches, which reduces operating costs and improves total sales. We believe that the challenges inherent in developing an effective branch network in rural and semi-urban areas provide us with an advantage over our competitors in these areas.

Robust risk management framework

We have formulated an operations methodology through market knowledge and experience gained over a period of time. All our key lending risks are assessed, identified and monitored through a team of risk and credit managers that report into the chief credit officer of each business segment. Each chief credit officer in turn reports to the chief executive officer for each business. We also monitor liquidity risk through our Asset Liability Committee ("**ALCO**"). The ALCO reviews changes in the economic environment and financial market and suggests suitable strategies for effective resource management. Our credit policy is reviewed and approved by the Risk Management Committee. We have a loan origination system and a monitoring framework and system to ensure high standards of on-boarding, credit quality and portfolio performance.

We have developed a business model that addresses the needs of specific market and customer segments. We focus on monitoring our assets and borrowers through sales and collections executives and also through specific branches. Our executives are responsible for loan administration and monitoring as well as recovery of the loans they originate. Our sales executives are responsible for developing relationships with customers while collecting repayments and overdue payments in the non-delinquent to 60 days past due portfolio, while the collections executives track and collect from customers in the past due 60 days category.

We have developed early warning indicators and continuous portfolio monitoring indicators for our asset backed financing segment. Each product in each branch is linked to stringent credit policies which include limits on customer exposure. Our in-house analytics team, credit bureau modelling and competitive analysis coupled with efficient processes and the use of technology has led to significant improvement of asset quality for the loans we offer.

We believe that as a result of our credit policies and risk management framework, we have been able to control our NPA levels. Our gross NPAs as a percentage of gross advances were 8.1%, 6.7%, 7.0% and 6.3% as at March 31, 2016, 2017 and 2018 and December 31, 2018 respectively, while our net NPAs as a percentage of our net advances were 6.4%, 5.6%, 5.2%, and 4.0% respectively. Our NPA provisioning coverage as at March 31, 2016, 2017 and 2018 and December 31, 2018 was 21.4%, 17.7%, 27.2% and 38.1%, respectively. We believe that our use of analytics, credit modelling, risk management policies and use of technology have helped us maintain relatively low NPA levels.

Effective and efficient use of technology

We believe that we benefit from our streamlined company-wide approval and administrative procedures that are supplemented by our employee training and integrated technology. Our local offices are responsible for appraisal, disbursement, collection and delinquency management of loans. We require simple documentation to comply with the regulatory norms and for the collateral on the vehicle or equipment purchased or for the housing loans we provide. Each of our security agreements contains alternate dispute resolution provisions for arbitration, re-possession and sale of assets that secure defaulting loans.

We believe that our de-centralized streamlined origination process is successful because of our employee training and technology initiatives. Our employees are equipped with data enabled tablets that enables them with origination, disbursement and collection. These devices also provide automated reports to employees and supervisors allowing for better risk management and collections. Our "decision support system" provides an immediate confirmation of a customer's eligibility thereby ensuring faster turn-around times. We believe that the chatbots implemented by us for helpdesk automation have helped improve employee productivity. Such chatbots have been leveraged to ease the sharing of information with our employees. Our introduction of online payment mechanisms has helped increase the number of online transactions. We have also incorporated automated dashboards as part of our operations that act a repository of data and have introduced online payment facility. Daily and monthly dashboards enable our senior management the ability to review portfolios and allow for efficient decision making. Further, we have introduced a credit decision engine for car, commercial vehicle and tractor products, which we believe would improve our customer portfolio quality We are also in the process of implementing a customer relationship management solution, which we believe shall improve the customer experience and cross-sale capability.

Experienced management team with strong corporate governance standards

Our senior management has a track record of entering and growing new lines of business, such as insurance and housing finance. We have an experienced Board comprising nominee investor directors and independent directors who have extensive experience in financial services and banking industry in India. In addition, each of our business segments is led by an experienced management team that comprises a chief executive officer and supported by national level managers. The chief executive officers of each business control the strategy and drive the business. Each chief executive officer and the national level managers have significant and diverse experience in the financial services industry and across functions related to our businesses. We believe our senior managers have an in-depth understanding of the products and geographic regions they cover, which enables them to appropriately support and provide guidance to our employees. We also have an in-house experienced legal team consisting of qualified professionals to handle all our legal requirements ranging from loan and security documentation to recovery, repossession, security enforcement and related litigation, if any.

Business Strategies

Focus on the affordable housing financing segment

We believe that the significant potential for growth in the housing finance industry and favourable government initiatives in the affordable housing segment in India, present us with an opportunity to expand our home loans business and in particular, in the affordable housing segment. We believe that our continued focus on home loans and on the affordable housing segment will allow us to maintain a steady rate of growth and robust profitability, while adopting a cautious credit underwriting approach. The increased focus of the GoI on housing initiatives, including the Pradhan Mantri Awas Yojana, provides significant growth opportunities. We intend to focus on developing our housing finance business focusing on retail customers in the affordable housing segment.

In addition, we intend to reduce our engagement with DSAs for the distribution of our mortgage finance products. We believe that this will lower the cost of customer acquisition and allow us to connect with customers to understand their financing requirements better. In construction finance, our focus will be to lend to developers engaged in construction and development of affordable housing projects.

The provision of housing loans through a registered housing finance entity provides us with certain competitive advantages, including increased leverage due to lower capital adequacy norms applicable to such entity, as well as lower risk-weightage applicable to housing finance loans. We believe that our affordable housing finance products will provide higher yields relative to higher ticket size housing loans, with longer maturities and increased equity participation of borrowers, all of which will benefit our business from an asset portfolio diversification perspective.

Technology initiatives to strengthen business processes and ensure effective risk management

We plan to continue to improve our productivity, reduce risks and improve our customer service through the use of technology and analytics. We intend to develop tools for marketing analytics, pricing analytics, service analytics, risk analytics, fraud analytics and collections analytics. We are also developing early warning indicators and continuous portfolio monitoring indicators for our mortgage and SME financing business segments. We believe that our use of analytics will allow us to create statistical models to assess behavioural and fraud risk over a customer's life cycle, which will further assist in lowering credit risk and thereby ensuring better collection efficiency and a robust risk management framework.

As we continue to expand our geographic reach and scale of operations, we intend to further develop and integrate our technology to support our growth, improve the quality of our services and approve loans at a faster rate. Our focus will be on digital communication and payment channels to improve servicing speed, reliability and ensure faster turn-around time. We also intend to implement our decision support system across our mortgage and SME financing segments. We are also developing customized credit assessment and operations processes and intend to implement a 'credit scoring platform' that results in automated decision-making. We believe that as we develop and integrate such programs into our business, we can further capitalize on the reach of our offices and increase our market share. Our use of technology will also allow us to continue providing streamlined approval and reduce incidence of error.

Continue to undertake cross-selling initiatives to leverage in-house synergies

We intend to continue to leverage our customer base in our asset back financing segment by cross-selling products across our other business segments including the mortgage financing and general insurance segments to credit-worthy customers. We intend to primarily focus on self-employed non-professional and no-income proof individuals. We intend to develop a data analytics platform, which will analyze customer information and helps us cross-sell our current loan products. We are also improving our lead management system that will improve productivity and efficiency. As part of our measures to improve cross-sell our products, we will look to conduct monthly cross-functional reviews with sales leadership teams and have regular training for our employees with constant monitoring and targets. We also intend to introduce new product and service offerings to supplement our existing offerings and infrastructure which we believe will present us with an opportunity to cross-sell a diverse range of financial products and services to our existing and potential customer base.

We have built a large distribution network in rural India. We intend to leverage our expansive operational network from our existing branches in rural and semi-urban areas to sell our mortgage finance and general insurance products. In addition, our ability to cross-sell our products would also ensure customer engagement across a longer period of time.

Diversify and grow our product portfolio

We also intend to further improve the diversity of our product portfolio to cater to the various financial needs of our customers and increase the share of income derived from sale of financial products. Our effort will be to realign our product mix to focus on high return on assets. As of March 31, 2018 and December 31, 2018, our asset backed financing business contributed to 69.93% and 68.40% of our total AUM respectively. We intend to improve the diversity of our product portfolio both within our asset backed financing business as well as through the introduction and growth of other financial products and across geographies to avoid concentration in a particular region, product or segment. As we continue to expand our product portfolio, we will look to ensure that we continue to improve the quality of our portfolio. We leverage our existing platform of predictive tools to strengthen our portfolio in the asset backed finance business. We intend to increase our product portfolio to ensure greater diversification and lower concentration in any particular product segment. In our asset backed finance business, we intend to focus on used vehicles, small and medium commercial vehicles, tractors and cars for commercial applications. We intend to retain a healthy blended yield and net interest margins with the sale of tractors and used vehicles, even though competitive rates may be offered for new vehicles. The primary customer profiles for the business are new to organized credit and single vehicle owners. We also intend to leverage our OEM relationships and our existing office network to diversify and expand our product portfolio. We will continue to focus on growing our rural housing portfolio which we believe is in a unique position to cater to a large and untapped customer base.

We intend to leverage our brand and office network, develop complementary business lines and become a preferred provider of wide variety of financial products in rural and semi-urban markets. We plan to launch a direct marketing initiative to target our existing and former customers to cater to all their financing requirements, We expect that complementary business lines will allow us to offer new products to existing customers while attracting new customers as well. With this perspective, we intend to grow our mortgage finance and SME financing businesses and also increase distribution of insurance products. We believe through our diversified mix of products we will be able to grow our AUM in a profitable manner.

Key Milestones

The following table sets forth certain key milestones for our businesses:

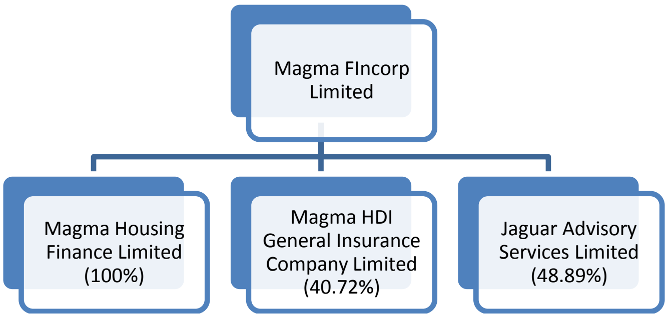
Calendar Year	Key Milestones
1978	Incorporated as ARM Group Enterprises Private Limited
1989	Commenced financing business
1993*	Merger of ARM Leasing Limited and Magma Leasing Limited with our Company and operations of the

Calendar Year	Key Milestones
	three companies were consolidated under Magma Leasing Limited
1993	Listing of equity shares of our Company on BSE
2001	Consortium Finance Limited amalgamated into our Company
2003	Listing of equity shares of our Company on NSE
2007	Entered into joint venture with International Tractors Limited to form MITL
2009	Entered into joint venture with HDI-Gerling International Holding AG to form a joint venture company to engage in the general insurance business in India
2011	Preferential allotment to International Finance Corporation and Zend Mauritius VC Investments Limited
2012	Our Joint Venture, Magma HDI General Insurance Company Limited commenced operations.
	Our Company acquired auto lease portfolio from Religare Finvest Limited.
2013	Entered into housing finance business by acquisition of GE Money Housing Finance.
2015	Preferential allotment to Indium V (Mauritius) Holdings Limited, LeapFrog Financial Inclusion India Holdings Limited and Zend Mauritius VC Investments Limited
2017	Acquisition of 26% equity shares of MITL from International Tractors Limited (erstwhile joint venture partner). MITL has become a wholly-owned subsidiary of our Company.
2018	Merger of Magma Advisory Services Limited with our Company.
	Merger of MITL with our Company

**Such merger was approved by the Calcutta High Court on August 6, 1993 with effect from April 1, 1992.*

Corporate Structure

The chart below sets out our corporate structure as on the date of this Shelf Prospectus:



Our Businesses

We are the holding company for the Magma group of companies. We have four principal business verticals: (i) Asset Backed Financing; (ii) Mortgage Financing; (iii) SME Financing; and (iv) General Insurance.

Asset Backed Financing

We are primarily engaged in financing of vehicles and equipment, which we divide into six categories: cars, commercial vehicles, construction equipment, tractors, pre-owned vehicles and auto lease. Our customers include various transport operators, farmers, small businesses and self-employed and salaried individuals. Average ticket size for our asset backed financing products is approximately in the range of ₹ 3 lakhs to ₹ 6 lakhs. The loan tenure approximately ranges from 40 months to 50 months.

The asset backed financing segment also focuses on retention of credit tested customers by offering attractive terms for top-up loans.

Cars. We provide financing for new cars used for personal or commercial purposes.

Commercial vehicles. We provide financing for new commercial vehicles, including light commercial vehicles ("**LCVs**") for goods and passengers, and heavy commercial vehicles ("**HCVs**") for goods. For LCVs, our customers are typically first time buyers, medium to small fleet operators. For HCVs, our customers are typically transport operators and small businesses.

Construction equipment. We provide financing for purchase of construction equipment. Our customers are typically small contractors and other small businesses.

Tractors. We provide financing for new tractors, which are used mainly as farm equipment and also to transport goods.

Pre-owned Vehicles. We provide financing for pre-owned vehicles, primarily cars, commercial vehicles, tractors and multi-utility vehicles.

Auto Lease. We provide financing facilities to SMEs and large businesses that require financing for acquisition of fleet of vehicles for corporate requirements or employee benefit goals.

Our asset backed financing business represented 71.96%, 69.45%, 69.93% and 68.40% of our total AUM as of March 31, 2016, 2017 and 2018 and December 31, 2018, respectively. Total AUM in the asset backed financing segment was ₹ 10,87,716.36 lakhs and ₹ 11,29,057.31 lakhs as of March 31, 2018 and December 31, 2018 respectively. In Fiscal 2016, 2017 and 2018 and the nine months ended December 31, 2018, disbursement in the asset backed financing segment was ₹ 4,59,962.59 lakhs, ₹ 4,78,045.88 lakhs, ₹ 5,34,531.44 lakhs and ₹4,23,474.58 lakhs respectively.

The following table sets forth certain information relating to disbursement in the asset financing business according to products in the periods indicated:

(₹ in lakhs)

Products	Fiscal 2016	Fiscal 2017	Fiscal 2018	Nine months ended December 31, 2018
Cars*	1,68,866.64	1,80,423.58	1,62,372.12	1,14,878.41
Commercial Vehicles	29,908.17	31,309.39	75,559.15	71,389.95
Construction Equipment	37,901.43	36,250.12	47,361.33	38,410.24
Pre-Owned Vehicles	1,01,410.80	1,06,393.61	1,71,083.64	152,616.12
Tractors (Agri Finance)	1,21,875.55	1,23,669.18	78,155.20	46,179.86
Total	**4,59,962.59**	**4,78,045.88**	**5,34,531.44**	**4,23,474.58**

** Cars includes auto lease*

The following table sets forth certain information relating to AUM in the asset financing business according to products as of the dates indicated:

(₹ in lakhs)

Products	As of			
	March 31, 2016	March 31, 2017	March 31, 2018	December 31, 2018
Cars*	4,52,807.71	4,08,047.62	3,67,715.42	3,47,030.32
Commercial Vehicles	1,64,920.69	1,04,549.03	1,22,428.39	1,58,569.69
Construction Equipment	1,45,257.82	1,05,551.07	99,131.55	1,22,767.80
Pre-Owned Vehicles	2,04,429.51	1,96,145.63	2,43,870.91	2,96,105.64
Tractors (Agri Finance)	3,41,067.01	3,03,672.44	2,54,570.09	2,04,583.86
Total	**13,08,482.74**	**11,17965.79**	**1,0,87,716.36**	**11,29,057.31**

** Cars includes auto lease*

Our customers in our asset backed financing segment are predominantly small entrepreneurs and self-employed individuals in rural and semi-urban areas, such as transport operators, truck drivers, taxi operators, farmers and self-employed customers with informal income. We secure our loans through the hypothecation of each asset financed. As part of our lending operations, we provide trade advances to dealers, which facilitates their customers to enter into loan agreements with us. These arrangements accelerate the process of financing and helps us maintain close relationships with dealers. From time to time, we also organize dealer conferences and sales meetings, through which dealers provide us with feedback on customer requirements and market trends. As part of our marketing efforts, we also organize "loan fairs" with dealers.

We have a national business manager responsible for sourcing and early bucket collections with respect to asset backed finance products. Further, we have a national product manager to manage the OEM and channel relationships.

Customer Origination

We primarily rely on Dealer Direct Selling Agents ("**DDSAs**"), Non-dealer DSA and brokers to sell our financing products. We have dedicated sales executives at dealer counters. We have dedicated channel sales managers for sourcing of customers and for increased presence at dealer counters. We also generate business directly through our employees. Disbursements resulting from business generated directly through our employees, as a percentage of total disbursements in the asset backed financing segment was 22.73%, 26.11%, 36.78% and 41.02% in Fiscal 2016, 2017 and 2018 and the nine months ended December 31, 2018.

Credit Assessment

On identification of a customer and completion of the customer's application, a field executive obtains information from the customer, including proof of identification and residence, background, potential of servicing the loan, other outstanding loans, loan type sought and the proposed use of the vehicle being financed.

For a customer seeking to finance a pre-owned vehicle, our independent asset valuation officers meet with the customers to assess the vehicle to be financed. A vehicle inspection and evaluation report is prepared to determine the registration details, condition and market value of the vehicle. The field executive also prepares a field investigation report, which includes details of various movable and immovable properties of the applicant and guarantor. For an existing customer, the field executive also evaluates the customer's track record of payments. The field executive then recommends whether the loan should be approved based on our prescribed guidelines and forwards a recommendation to the office manager.

Approval Process

Our credit managers evaluate proposals received from field executives. Credit managers primarily evaluate a customer's ability to repay, which includes permanency of residence, record of past repayment, income from other sources, and operational viability of the proposed business, if applicable. To minimize the time required for approvals, we conduct know-your-customer procedures as required by the RBI, use decentralized approval authority and standardized documentation and procedures across our offices. For the trade advances that we provide to authorized dealers of OEMs, we also undertake background checks with the vehicle manufacturer, credit history, business volumes and seasonality. Our regional teams set and communicate limits on trade advances for dealers.

Disbursement

After confirming completion of the initial evaluation and approval process, our field executives meet the customers to execute the loan documentation, ensuring that we gain security over the collateral. The field executive verifies the know-your-customer checklist with the customer and verifies the completed checklist with information in our file. The field executive explains the contents of the loan documents and based on customer's request, provides copies of the executed loan documents to the customer. For pre-owned vehicles, we also require endorsement of the registration certificate and the insurance policy. We aim to appraise customers and complete disbursement within the shortest amount of time while adhering to our internal standards and regulatory requirements.

Mortgage Financing

We undertake our mortgage finance activities through our Company and our Subsidiary, Magma Housing Finance Limited. Average ticket size for our mortgage financing products is approximately in the range of ₹ 9 lakhs to ₹ 15 lakhs. The average loan tenure ranges approximately from 120 months to 160 months.

As of March 31, 2016, and 2017 and 2018 and December 31, 2018, our total AUM in our mortgage financing segment represented 18.52%, 18.82%, 17.58% and 18.01%, respectively, of our total AUM in such periods. As of March 31, 2018, and December 31, 2018 the total AUM in our mortgage financing business was ₹ 2,73,446.70 lakhs and ₹ 2,97,254.17 lakhs respectively. In Fiscal 2016, 2017 and 2018 and the nine months ended December 31, 2018, disbursement in the mortgage finance segment was, ₹ 1,43,007.85 lakhs, ₹ 72,703.26 lakhs, ₹ 59,352.13 lakhs and ₹ 69,004.33 lakhs, respectively.

We offer the following products in our mortgage finance segment:

***Housing Loans*.** We provide housing loans to our customers, who are primarily salaried and self-employed individuals, while also providing such housing loans to low income or no income proof customers. We provide loans for purchase of new and old houses, construction of houses on owned plots, home improvement loans and loans for purchase and construction of commercial property.

***Loans Against Property (LAP)*.** LAP are loans that are used primarily for personal and business financing requirements, such as, for the expansion of business and/or working capital for a business or other business purposes as set out in the relevant loan documentation. We provide LAP to manufacturers, service providers, traders and retailers, self-employed professionals and entrepreneurs.

Certain self-employed customers are professionals such as lawyers, doctors or chartered accountants with higher incomes, referred to as "self-employed professionals". Certain other self-employed customers rely on their commercial businesses for their income, referred to as "self-employed non-professionals". We are usually able to charge self-employed non-professionals interest rates that are higher than what we typically offer to salaried customers or to self-employed professionals. LAP are usually secured through an equitable mortgage by way of deposit of title deeds or by registered mortgage on the customers' existing commercial or residential property.

Construction Finance Loans for Real Estate Developers. We offer construction finance loans directly to real estate developers for residential housing projects they are developing. A dedicated team conducts a detailed evaluation of the concerned projects and the real estate developers, including financial appraisal, project risk analysis and cash flow analysis. This enables us to offer customised loans to real estate developers based on their expected acquisition and construction cost. Our internal teams monitor projects for delivery standards and maintains an internal grading for the concerned real estate projects and developers.

The loan size, repayment schedule, LTV ratio, tenure and the interest rate and fees for our construction finance loans to real estate developers are generally determined on the basis of our evaluation of the real estate project and the developer as well as market conditions. The interest rate and fees at which we offer construction finance loans to real estate developers is typically higher than what we offer to our retail housing loan customers.

The security for all the construction finance loans are created either through equitable or registered mortgages (as defined in the Transfer of Property Act, 1882, as amended) of immovable property tendered as collateral for the loan. In addition to the mortgage of immovable property, in most of the cases, security is also provided by the developers by way of personal guarantee of the promoters and/or a corporate guarantee of the related holding or group companies in addition to the hypothecation of project/rent receivables and assignment of the relevant insurance policy based on credit requirements.

The following table sets forth certain information relating to disbursement in the mortgage financing business according to products in the periods indicated:

(₹ lakhs)

Products	**Fiscal 2016**	**Fiscal 2017**	**Fiscal 2018**	**Nine months ended December 31, 2018**
Housing Loans*	44,308.08	25,429.33	20,831.59	42,075.82
Loans Against Property	98,699.77	47,273.93	38,520.54	26,928.51
Total	**1,43,007.85**	**72,703.26**	**59,352.13**	**69,004.33**

** Housing Loans include Construction Finance*

The following table sets forth certain information relating to AUM in the mortgage financing business according to products as of the dates indicated:

(₹ lakhs)

Products	**As at**			
	March 31, 2016	**March 31, 2017**	**March 31, 2018**	**December 31, 2018**
Housing Loans*	96,269.49	85,032.38	75,823.37	104,955.00
Loans Against Property	2,40,507.69	2,17,943.00	1,97,623.33	192,299.17
Total	**3,36,777.18**	**3,02,975.38**	**2,73,446.70**	**297,254.17**

** Housing Loans include Construction Finance*

Customer Origination

We generate business directly through our employees and through DSAs. We have been focusing on increasing the direct sourcing through employees by the formation of an exclusive direct sourcing team. More than 44% and 75% of our business has been directly sourced in the Fiscal 2018 and the nine months ended December 31, 2018. We expect to improve further by leveraging on our ecosystem of existing asset backed finance and SME finance customers and by investing further in expanding the direct sourcing employee team.

Credit Assessment Process and Approval Criteria

Applicants are required to be at least 21 years of age and not older than 65 years or retirement age whichever is earlier at the end of the loan tenure under the Suvidha program (18 years and 75 years, in case their income is not considered for loan eligibility). Maximum tenure in case of a salaried applicant is up to the retirement age of the applicant and that in case of a self-employed applicant is 65 years. All legal heirs are required as co-applicants, if property owner's age is above 65 years.

As part of our credit assessment process, we conduct credit bureau, internal de-duplication and other database checks on the applicant, co-applicant and guarantor to ensure that none of them are defaulters with any bank or financial institution. A site visit and interviews are conducted in all cases. The credit officer may additionally require a guarantor or co-applicant based on his assessment of the applicant's profile. The maximum allowed LTV for housing is according to NHB norms.

For loans extended to developers for affordable housing projects, the applicant is required to have specific minimum project size completion & operating experience with ownership of residential or office property. The proposed project is required to be profitable with positive cash flows and all relevant permissions. Prior to disbursement, 10.00% of total proposed units are required to be pre-booked. Loan tenure ranges from approximately 40 to 60 months with a maximum LTV approximately in the range of 35% - 65%. A mortgage of the current property and proposed construction is registered as security, along with personal guarantees and post-dated checks for the entire loan amount. The credit officer may also require one – three months equated monthly instalments to be set aside as security deposit. We collect historical financial statements and income tax returns of the applicant and partners, as applicable, and last six months bank statements of all bank accounts. We also collect KYC and other relevant documents, conduct credit bureau, internal de-duplication and market reference checks along with site visits.

SME Financing

We provide loans to customers who primarily include small and medium size manufacturers, distributors, dealers, traders and shop owners and service providers engaged in various industries and customers with informal income and low eligibility for traditional financing. These are collateral-free loans taken by SMEs for the purpose of working capital management, capital expenditure and other business purposes. Average ticket size for our SME financing products is approximately in the range of ₹ 19 lakhs to ₹ 21 lakhs. The average loan tenure approximately ranges from 30 months to 35 months.

AUM of SME financing segment represented 9.52%, 11.73%, 12.49% and 13.59% of our total AUM as of March 31, 2016 and 2017 and 2018 and December 31, 2018, respectively. Our AUM in the SME financing segment was ₹1,94,310.83 and ₹ 224,399.09 as of March 31, 2018 and December 31, 2018 respectively. In Fiscal 2016, 2017 and 2018 and the nine months ended December 31, 2018, our disbursement in the SME financing segment was ₹1,15,060.10 lakhs, ₹ 1,20,832.57 lakhs, ₹1,34,796.59 lakhs and ₹ 124,871.12, respectively.

Customer Origination

Majority of the fresh customer sourcing currently happens through Direct Selling Agents ("**DSAs**"), who we have tie-ups with. The DSAs go through a screening and empanelment process, after which our in-house sales teams are mapped to the DSA base. Our sales teams are trained and equipped with scoring calculators and they, in-turn score the leads sourced by the DSAs. The leads that score above the acceptable threshold are logged into our loan origination system, after which underwriting teams work on them. We are in the process of building a dedicated direct sales vertical.

Credit Assessment Process and Approval Criteria

Borrowers under this category are required to meet certain criteria to avail funding, amongst others, to avail funding including but not limited to a minimum period of business operations, certain financial performance parameters as well as credit history.

The SME financing team comprises distinct teams for (a) sales / customer relationship, (b) credit, (c) operations and (d) compliance. The sales team meets the DSA or the end customer to understand their loan requirements, and collects the relevant documentation (decided as per our credit policy). The credit team then analyzes the documents, prepares the appraisal memo after a personal discussion with the customer. The sales team offers the most appropriate product along with the deal structure to the customer. After the customer accepts the deal structure and signs the loan agreement, the sales team prepares the entire file for the compliance team to conduct risk control checks on the documentation. The operations team ensures that the policy terms have been adhered to and compliances/approvals have been received. The disbursement is processed through the centralized accounts team at our head office. All the activities, from login, approval, compliance to disbursement, are undertaken from a single software system. The credit policy and products are designed, taking into consideration the customer segments and industry segment.

We collect financial statements for two years, bank statements for six months, and sales and income tax returns for at least one year. We also collect KYC information of related parties including other partners, directors or proprietors, as the case may be. Financials of group concerns are collected, if required.

General Insurance

In July 2009, we entered into a joint venture agreement with HDI Global SE, Germany (formerly HDI-Gerling International Holding AG) to form a joint venture, Magma HDI General Insurance Company Limited, engaged in the general insurance business in India. We have an experienced team, underwriting guidelines and processes in places in our general insurance business. We use technology for policy issuance (across the counter for retail customers through our agent portal, and a hub and spoke model for non-retail policies), customer engagement and claims to ensure that we efficiently service our customers.

We believe that the growth in our general insurance segment has grown at a robust rate as compared to the rate of growth of the general insurance industry in India. Our gross direct premium income increased by 25.56%, while our gross written premium including re-insurance inward increased by 32.49% in Fiscal 2018 and during the nine month ended December 31, 2018, the Company has grown by 82.60% in terms of gross written premium including re-insurance inward and 80.83% excluding re-insurance inward.

We focus on leveraging our network in the asset backed financing segment to distribute our products and also focus on bancassurance channel and our alliances, including OEMs.

We service retail, institutional and corporate customers in India through our distribution channels including individual agents, point of sale persons, motor insurance service providers, corporate agents and brokers. As of December 31, 2018, we had 154 branches across India which cater to the general insurance business.

We offer the following products as part of our general insurance business:

***Motor Insurance*.** As part of our motor insurance products, we offer comprehensive policy that covers any loss or damage sustained by a vehicle in addition to compulsory third-party liability required under the Motor Vehicles Act. We also offer a standalone policy that covers third-party long-term two-wheeler liability as per requirements under the Motor Vehicles Act. As per the recent guidelines issued, we have multiyear products (Bundled, Package) for new private car and two wheelers also. We also offer multiple add-on covers to cover additional risks such as depreciation reimbursement and basic and additional road-side assistance. Our motor insurance products extend to all kind of vehicles including private cars, two wheelers, commercial and passenger vehicles.

Health and Personal Accident Insurance. We offer health indemnity insurance (individual and group), critical illness insurance and personal accident (group and individual) insurance.

***Liability Insurance*.** We offer financial as well as casualty liability insurance. Our products include commercial general liability, clinical trials insurance, directors and officers liability insurance, errors and omissions /professional indemnity insurance, public liability industrial insurance and public liability non – industrial insurance

***Fire Insurance*.** We offer fire and special perils, industrial all risks, fire loss of profit and machinery breakdown.

***Engineering Insurance*.** We offer contractor's all risks insurance, contractor's plant and machinery insurance, erection all risk insurance, electronic equipment insurance and loss of profits due to break down, boiler and pressure plant insurance.

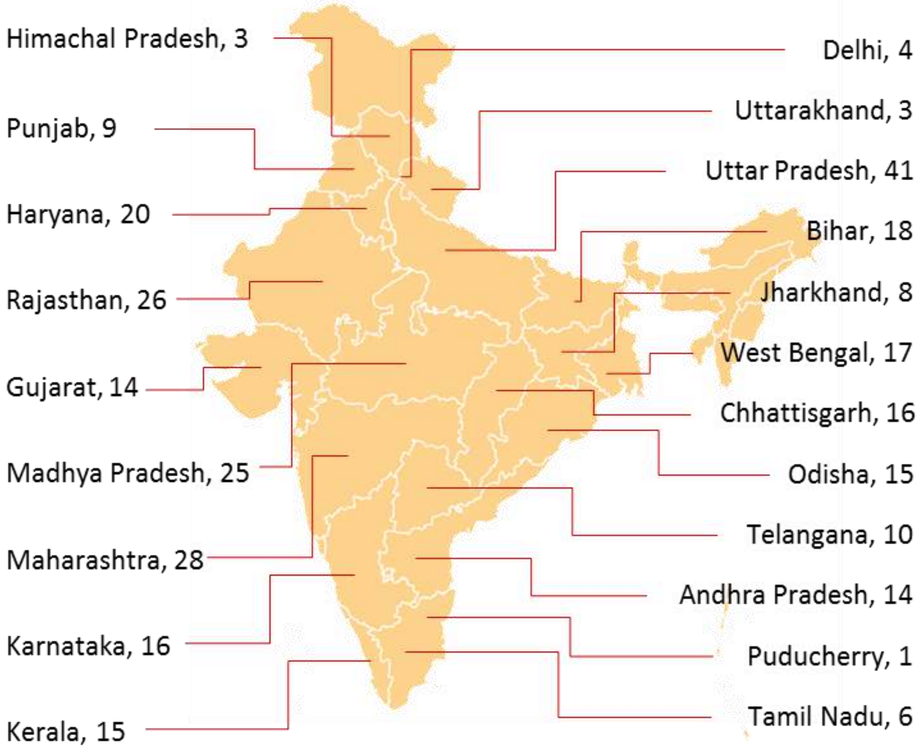
***Marine Insurance*.** Our marine insurance policies cover marine cargo both open and specific voyages.

***Miscellaneous Insurance*.** Under this category, we offer home insurance, all risks insurance, shopkeeper's package insurance, fidelity guarantee, workmen's compensation and burglary insurance.

Distribution Network

As of December 31, 2018, we had 309 branches located across 21 States in India. From each of the branch, we distribute some or all of segments viz., asset backed finance, mortgage finance, SME finance and general insurance. Our offices are authorized to approve loans within prescribed guidelines and have appropriate staffing to process and monitor the loans made. Office employees report to their respective regional offices, which, in turn, report to their zone office and the head office.

The distribution of branches across India by state as of December 31, 2018 is set out in the map below:



Note: Map not to scale

As of March 31, 2018, the north, south, west and eastern regions of India contributed 37.40%, 23.97%, 21.01% and 17.62% of our loan assets, respectively, while as of December 31, 2018, the north, south, west and eastern regions of India contributed to 36.02%, 24.90%, 20.68% and 18.40% of our loan assets, respectively. In Fiscal 2018, our disbursements in the north, south, west and eastern regions of India accounted for 31.19%, 28.37%, 18.88% and 21.56% of our Company's total disbursements, respectively, while for the nine months ended December 31, 2018, our disbursements in the north, south, west and eastern regions of India accounted for 29.10%, 28.67%, 21.13% and 21.10% of our Company's total disbursements, respectively

Loan Monitoring

We identify our customers with a unique identification number and can track loan repayment of our customers, on a monthly basis, based on outstanding tenure of loans, number of instalments due and defaults, if any. Our centralized risk team monitors compliance with terms and conditions of credit facilities. A complete set of documents are stored at the central office which is controlled and monitored by a warehouse-in-charge. Accounts of borrowers with larger exposure are specifically reviewed every quarter by the Risk Management Committee. Delinquent borrowers are under constant scrutiny and follow-up by the collection team.

Collection and Recovery

Our field executives are responsible for collecting installments, with each field executive typically having responsibility for specified number of borrowers, depending on the volume of loan disbursements in the area. We track loan repayment schedules of our customers regularly based on the outstanding tenure of the loans, the number of instalments due and the conduct of account.

We believe that our loan recovery procedure is well-suited to rural and semi-urban markets. We have separate collection teams for our mortgage financing and SME financing segments as the nature of security and procedure for settlement are different. We also have dedicated collections teams in the States of Uttar Pradesh, Haryana, Bihar, Jharkhand and Madhya Pradesh that are key markets for sale of tractors.

If a customer misses an instalment payment, our field executives identify the reasons for default and initiate action pursuant to our internal guidelines. In the event of a default, a field executive or FOS is responsible for collecting the amount outstanding from the borrower. He is supervised and supported by his branch manager and a dedicated tele-calling team to ensure efficiency. The area of coverage of the field executive has been reduced from 75 kilometres to 30 kilometres increasing customer connectivity. In the event of a proposal exceeding 60 days past due, the same is handed over to a dedicated collections team headed by a National Collections Manager who reports to the Chief Credit Officer. The collection executive is responsible for regularising the account, failing which, he requests for repossession of the asset along with legal intervention, as applicable. The repossession team executes the decision to repossess while the legal team executes the legal proceedings against the defaulter.

Treasury Operations

Our treasury operations help us meet our funding requirements and manage short-term surpluses. Our fund requirements are predominantly sourced through term loans, cash credit facilities, issuance of debentures and commercial paper and securitization of receivables. We believe that through our treasury operations, we maintain our ability to repay borrowings as they mature and obtain new borrowings at competitive rates.

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI's requirements for asset and liability management. Our objective is to maintain diversified sources of funds to minimize concentration risk and allow smooth and consistent flow of funds to ensure seamless flow of business. We actively manage our cash and funds flow using various cash management services provided by banks.

Securitization/Assignment of Portfolio against Financing Activities

We currently undertake securitization and assignment of receivables generated from our financing businesses in accordance with the RBI guidelines. Securitization / assignment serves as a cost-effective method of resource mobilization that also helps increase our capital adequacy ratio and improve asset-liability mismatches. In our securitization transactions, we provide collateral, which can be in the form of guarantees or bank deposits.

During Fiscal 2016, 2017 and 2018 and the nine months ended December 31, 2018, our Company entered into securitization and assignment transactions aggregating to ₹ 1,43,388.07 lakhs, ₹ 2,65,854.15 lakhs, ₹ 2,02,958.15 lakhs and ₹ 2,39,504.66 lakhs

Asset Quality

We maintain our asset quality by adhering to credit evaluation standards, limiting customer and vehicle exposure and interacting with customers directly and regularly. We seek to ensure that prudent LTV ratios are adhered to while lending. We ensure prompt collection and proper storage of post-disbursement documents. We periodically inspect, either by ourselves or by internal auditors, our customers and the assets financed on a random basis. Our office accountants conduct tele-verification of the customers' key details and close follow-up is undertaken to ensure timely collection and control overdue amounts.

Asset Classification

The Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("**Master Directions**") provide standards for asset classification, treatment of NPAs and provisioning against NPAs for deposit-taking NBFCs in India. Our Company, like other deposit-taking NBFCs, is required to classify leases, loans, advances and other forms of credit into various classes.

The Master Directions for asset classification are set forth below:

Standard Asset – An asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business;

Sub-standard Asset – an asset which has been classified as non-performing asset (as defined below) for a period not exceeding 18 months;
Provided that the period 'not exceeding 18 months' stipulated in this sub-clause shall be 'not exceeding 16 months for the financial year ending March 31, 2016; 'not exceeding 14 months' for the financial year ending March 31, 2017; and 'not exceeding 12 months' for the financial year ending March 31, 2018 and thereafter;.

Doubtful Asset – An asset which remains a sub-standard asset for a period 'exceeding 16 months' for the financial year ended March 31, 2016; 'exceeding 14 months' for the financial year ending March 31, 2017 and 'exceeding 12 months' for the financial year ending March 31, 2018 and thereafter; and

Loss Asset - An asset that (a) has been identified as a loss asset by the NBFC or its internal or external auditor or by the RBI during the inspection of the NBFC, to the extent that it is not written off by the NBFC; and (b) is adversely affected by a potential threat of non-recoverability due to either erosion in the value or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

An NPA shall mean:

- an asset, in respect of which, interest has remained overdue for a period of six months or more;
- a term loan inclusive of unpaid interest, when the instalment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more;
- a demand or call loan, which remained overdue for a period of six months or more from the date of demand or call or on which interest amount remained overdue for a period of six months or more;
- a bill which remains overdue for a period of six months or more;
- the interest in respect of a debt or the income on receivables under the line item 'other current assets' in the nature of short term loans/advances, which facility remained overdue for a period of six months or more;
- any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of six months or more;
  provided that the period of 'six months or more' provided in the clauses above shall be read as 'five months or more' for Fiscal 2016; 'four months or more' for Fiscal 2017; and 'three months or more' for the Fiscal 2018 and thereafter;
- the lease rental and hire purchase instalment, which has become overdue for a period of twelve months or more; provided that the period of 'twelve months or more' provided in this clause shall be read as 'nine months or more' for the Fiscal 2016; 'six months or more' for Fiscal 2017; and 'three months or more' for Fiscal 2018 and thereafter; and
- in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset; provided that in the case of lease and hire purchase transactions, an applicable NBFC shall classify each such account on the basis of its record of recovery.

The Master Directions require NBFCs to make provisions against sub-standard assets, doubtful assets and loss assets, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realization of the security and the erosion over time in the value of the security charged which was followed till March 31, 2018.

Standard Assets Provisioning: Every applicable NBFC were required to make provisions for standard assets at 0.35% by March 31, 2017 and 0.40% by March 31, 2018 and thereafter, of the outstanding, which shall not be considered for arriving at net NPAs s which was followed till March 31, 2018.

However, under IndAS, the provisioning with respect to our outstanding loan portfolio is required to be calculated as per the expected credit loss (ECL) method and such provisioning has been done from April 1, 2018.

Capital Adequacy Ratio

We are subject to capital adequacy requirements set out by the RBI for NBFCs, which currently require us to maintain a capital adequacy ratio consisting of Tier I and Tier II capital of not less than 15.0% of our aggregate risk weighted assets on balance sheet and of risk adjusted value of off balance sheet items. The total Tier I capital, at any point is required to be at least 10.0%. Our capital adequacy ratios were 18.7%, 20.4%, 20.7% and 22.6%, as of March 31, 2016 and 2017 and 2018 and December 31, 2018, respectively. Information related to our Company's capital adequacy ratio, for the dates specified are set out below:

(₹ lakhs except ratios and percentages)

	As of March 31,			As of December 31, 2018
	2016	**2017**	**2018**	
Tier I Capital	1,77,099.10	1,63,262.35	1,94,960.63	1,96,566.35
Tier II Capital	49,945.36	52,583.50	38,793.96	53,982.15
Total Capital	2,27,044.46	2,15,845.85	2,33,754.59	2,50,548.50
Total Risk Weighted Assets	12,12,877.16	10,59,865.85	11,27,293.53	11,07,727.06
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	14.6%	15.4%	17.3%	17.7%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	4.1%	5.0%	3.4%	4.9%
Capital Adequacy Ratio*	**18.7%**	**20.4%**	**20.7%**	**22.6%**

**CRAR calculation as on December 2018 is as per IND AS Financials subject to RBI Guidelines. Loan asset under pass through certificate has been brought On Book under IND AS, however, for CRAR calculation the same has been considered as Off Book.*

Risk Management

Risk management forms an integral part of our business. We continue to improve our policies and implement our policies rigorously for the efficient functioning of our business. As a lending institution, we are exposed to various risks that are related to our lending business and operating environment. Our objective in our risk management processes is to measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks. We do so through our risk management architecture, which includes a team, headed by our Managing Director that identifies, assesses and monitors all of our principal risks. The major types of risk we face in our businesses are credit risk, interest rate risk, operational risk, liquidity risk, cash management risk, asset risk and foreign exchange risk.

For early monitoring and improving the quality of sourcing, we have implemented early warning indicators (EWI) and continuous portfolio monitoring indicators (CPMI) across our asset backed financing segment. The average EWI and CPMI of our newly generated portfolio was lower as compared to the average of the older portfolio (i.e., portfolio generated prior to January 1, 2016). For our mortgage financing and SME financing segments, we rely on infant delinquency (ID) and early delinquency (ED) trends. We have had improvement in our ID and ED trends in mortgage financing segments while we have maintained consistency in the SME financing segment.

Credit Risk

Credit risk is the risk of loss that may occur from the default by our customers under our loan agreements. Customer defaults and inadequate collateral may lead to higher NPAs. Our credit approval policy includes a proposal evaluation and investigation procedure for credit appraisal. We manage our credit risk by evaluating the creditworthiness of our customers, carrying out cash flow analysis, setting credit limits, obtaining collateral and setting prudent LTV ratios. Actual credit exposures, credit limits and asset quality are regularly monitored at various levels.

Interest Rate Risk

We are subject to interest rate risk, principally because we lend to customers at fixed interest rates, with the exception of Mortgage finance which is at floating interest rate, and for periods that may differ from our funding sources, which bear fixed and floating rates and are from banks and issuing debt. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. We assess and manage the interest rate risk on our balance sheet by managing our assets and liabilities.

We maintain an asset liability management policy, which has been approved and adopted by our Asset Liability Committee of the Board. Assets and liabilities are categorized into various time buckets based on their maturities. Efforts are made and action plans are drawn to ensure minimum mismatch in each of the time buckets in line with guidelines prescribed by the RBI.

Operational Risk

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. As one of the features of our lending operations, we offer a speedy loan approval process and therefore have adopted de-centralized loan approval systems. In order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed local audit firms to conduct internal audits at a number of our offices to assess adequacy of and compliance with our internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate price and tenure. We attempt to minimize this risk through a mix of strategies, including assignment of receivables and short-term funding. We also monitor liquidity risk through our Asset Liability Committee of the Board ("**ALCO**"). The ALCO reviews the changes in the economic environment and financial market and suggests suitable strategies for effective resource management. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. Through our asset and liability management policy, we have capped maximum mismatches in various maturities in line with guidelines prescribed by the RBI.

Cash Management Risk

Our offices collect and deposit a large amount of cash through a high volume of transactions. To address cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. Moreover, we conduct regular audits to ensure the high levels of compliance with our cash management systems.

Asset Risk

Asset risks arise due to the decrease in the value of the collateral over time. The selling price of a re-possessed asset may be less than the total amount of loan and interest outstanding in such borrowing and we may be unable to realize the full amount lent to our customers due to such a decrease in the value of the collateral. We may also face certain practical and execution difficulties during the process of seizing collateral. We engage experienced repossession agents to repossess assets of defaulting customers. We ensure that these repossession agents follow legal procedures and take appropriate care in dealing with customers for seizing assets.

Foreign Exchange Risk

As on the date of this Shelf Prospectus we do not have any exposure to foreign exchange risk, since our disbursements are in Indian Rupees and also borrowings are in the nature of domestic Rupee debt.

Risk Management Architecture

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes monitoring by our Board through the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee.

Audit Committee. Our Audit Committee acts as a link between the statutory and internal auditors and our Board. It is authorized to select and establish accounting policies, review reports of the statutory and the internal auditors and meet with them to discuss their findings, suggestions and other related matters. Our Audit Committee has access to all information it requires from our Company and can obtain external professional advice whenever required.

Asset Liability Management Committee. Our Asset Liability Management Committee reviews the working of the Asset Liability Operating Committee, its findings and reports in accordance with the guidelines of the RBI. Our Asset Liability Committee reviews risk management policies related to liquidity, interest rates and investment policies.

Risk Management Committee. Our Risk Management Committee manages the integrated risk, informs our Board about the progress made in implementing a risk management system and periodically reviews the risk management policy followed by our Company.

Centralized Management and Technology

Our information technology systems aid us in performing the processes involved in a loan transaction. For example, at the pre-disbursement stage, we store know-your-customer details and other details of customer appraisal into the system for future reference. After disbursement, our system can generate the interest due on each loan at any given point and track each phase of the payment schedule up to maturity. We control our information technology systems from our office in Kolkata, allowing senior management to receive operational data on a prompt basis. We have also rolled out an advanced version of data enabled devices, which functions as a "mobile office" and is equipped with camera and scanning features that enable our employees to originate loans, issue receipts at a customer's home or business location.

Our production servers also allow us to conduct a daily automated backup. We currently have the technology and facilities in place to back up our systems and have established disaster recovery procedures.

Credit Ratings

Certain of our current credit ratings are set forth below:

Rating Agency	Type of Instrument	Rating
CARE	Long term and short-term bank facilities	AA-
	Commercial paper	A1+
	Secured redeemable non-convertible debentures and bonds	AA-
	Unsecured Subordinate Tier II Bonds	AA-
	Perpetual debt instruments	A+
ICRA	Fund based from banks	AA-
	Non-convertible debentures	AA-
India Ratings	Fund based from banks	AA-
	Non-convertible debentures	AA-
Brickwork	Subordinated debentures	AA
	Perpetual debt instruments	AA-
	Public issue of secured non-convertible debentures	AA
SMERA (ACUITE)	Unsecured subordinate redeemable Tier II bonds	AA
	Public issue of secured non-convertible debentures	AA
CRISIL	Commercial paper	A1+

Insurance

We believe that we maintain all material insurance policies that are customary for companies operating in similar businesses. These include fidelity guarantee policies that cover all our employees, a money insurance policy in respect of cash-in-safe and in-transit. In addition, our directors are insured under a directors' and officers' liability insurance policy. We also maintain insurance coverage against losses occasioned by fire, burglary for the premises and equipment in our offices, public liability insurance, group term life and mediclaim insurance covering our employees.

Employees

As of December 31, 2018, we had 8,530 full-time employees. We also have a fully functional human resource management system that enables automation of key HR workflows. We adhere to a policy of nurturing dedicated talent by conducting regular training programmes. We provide training to our employees to ensure career development and also to ensure quality service to customers. These trainings are conducted on joining as part of employee initiation and include additional on-the-job trainings. We also conduct on-going objective trainings to address specific short-comings of the employees.

We have implemented 'Maitree', a new hire on-boarding program that provides functional, product and process skilling training to employees. We also offer our employees with customised functional training Programs. We have an online learning platform that is used by our employees to undergo mandatory certification training on compliance, information security and related areas. We also have customised programs that are focused on building leadership attributes in first line leaders and middle management. We conduct quarterly programs for territory and regional heads.

Competition

We face competition from other NBFCs, MFIs and HFCs as well as banks. In addition to NBFCs, MFIs and HFCs, we face competition from unorganized small market participants who are prevalent in semi-urban and rural landscapes, local money lenders in rural areas, and small finance banks which are also focused on lending to low- and middle-income segments and micro, small and medium enterprises. We also face competition from general insurance companies in India.

Corporate Social Responsibility

The CSR committee comprises of Mayank Poddar, Sanjay Chamria and Satya Brata Ganguly. The CSR activities we undertake are in accordance with a CSR policy adopted by the CSR Committee. Our CSR activities are currently focused on organizing mobile health camps, setting up of toilets in villages, supporting pre-school education to children, funding organizations that cater to the needs of differently abled children, and organizing blood donation camps, support education for underprivileged children through scholarships and initiatives for truckers.

Some of our notable CSR programs include:

Magma Highway Heroes

In order to reduce truck related accidents, we launched an initiative "Highway Heroes" in March 2015 in association with Petroleum Conservation Research and Association, Government of India where we conduct training camps for the drivers' community.

Mobile Clinic

We have organized around health camps and have treated numerous patients. The project was awarded with the best CSR project in health and sanitation category at CSR Journal Excellence Award, 2017.

Hunger Free Education

We support the Mid-Day Meal initiative. Under the project we provides midday meal to children at various government schools spread across the country.

Awards and Recognition

We have received several awards over the years, including:

Corporate Social Responsibility

- CSR Leadership Award, National CSR Leadership Congress and Awards, 2016 (M Scholar)
- Corporate Responsibility Award – by Investor Review, UK, 2016 (M Scholar)
- NGO BOX CSR Impact Awards – CSR Project of the Year 2015-2016 (Highway Heroes)
- Corporate CSR Best Practice – Runner up – NHRDN CSR Competition, 2016 (Highway Heroes)
- BT CSR Excellence Award in the category "Innovation in CSR Practices" at the BT-CSR Excellence Awards, 2017 (Highway Heroes)
- Asian Customer Engagement Forum & Awards - Best CSR Event, 2017 (Highway Heroes)
- CSR Journal Excellence Award - Health and Sanitation, 2017 (M Care)
- Asian Customer Engagement Forum & Awards- Social Impact Category-Best CSR Event, 2018 (Magma M Care)

Human Resources

- Commendation for strong commitment to HR Excellence at the CII National HR Excellence Awards, 2015
- Highest Job Creator (above ₹ 1,000 crores) – ET Bengal Corporate Awards 2016

Information Technology

- Best Innovative player at the Security Now Awards 2018
- Our head of information technology-digital, was recognized as "Cyber Sentinel, 2018" at the Security Symposium & Cyber Sentinels Awards
- Our chief digital officer received an IT Genius Award, 2018 at the CIO Crown 2018 awards.

Corporate Communication

- League of American Communications Professionals (LACP) Spotlight Awards, 2010, 2011, 2012, 2013, 2014, 2016, 2017 with respect to our Annual Reports
- LACP Vision Awards for Communications Materials, 2016 for Internal Brand Campaign for Project SMART
- Best Integrated Media Campaign of the year – BFSI Sector - EPC World Awards 2017, Infrastructure and Construction Industry Recognition Awards

Customer Service

- India Customer Service Leadership Award – The Vehicle Fleet Leasing Industry, India by Frost & Sullivan, 2016

Intellectual Property

We have obtained registration for 11 trademarks under various classes. We use the trademarks with respect to our various products provided to our customers in course of our business.

Property

Our registered office is located at Magma House, 24, Park Street, Kolkata 700 016, West Bengal, India. Our corporate office is located at Equinox Business Park, 2nd Floor, Tower 3, Off BKC, Ambedkar Nagar, LBS Marg, Kurla (West), Mumbai 400 070, Maharashtra, India. The premises of the registered office and our corporate office are on a leasehold basis. Our branches are located at premises owned, leased or licensed to us. As of December 31, 2018, we had a network of 309 branches spread across 21 States.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief background of our Company

Our Company was incorporated in Kolkata, West Bengal as ARM Group Enterprises Private Limited on December 18, 1978 as a private limited company under the Companies Act, 1956, as amended and was granted a certificate of incorporation by the Registrar of Companies, West Bengal ("**RoC**"). Pursuant to the conversion of our Company into a public limited company, the name of our Company was changed to ARM Group Enterprises Limited and a fresh certificate of incorporation consequent on change of name was issued by the RoC on October 30, 1980. Subsequently, the name of our Company was changed to Magma Leasing Limited and a fresh certificate of incorporation consequent on change of name was issued by the RoC on August 24, 1993. Subsequently, the name of our Company was changed to Magma Shrachi Finance Limited and a fresh certificate of incorporation consequent on change of name was issued by the RoC on June 19, 2007. Subsequently, the name of our Company was changed to Magma Fincorp Limited and a fresh certificate of incorporation consequent on change of name was issued by the RoC on July 31, 2008. Our Company holds a certificate of registration dated September 23, 2008 bearing registration number B-05.02795 issued by the RBI to carry on the activities of a non-deposit taking NBFC with the RBI under section 45 IA of the RBI Act. The registered office of our Company is Magma House, 24, Park Street, Kolkata 700 016, West Bengal, India.

Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

1. To carry on business as agents, importers, exporters, dealers, traders, stockists, brokers, buyers, sellers, manufacturers, repairers assemblers or hirers of (all movables, immovables, items articles, commodities including industrial consumable, domestic and agricultural products etc.) plants, machinery, equipments, accessories or raw materials required by industries, workshops, transporters, railways or for agricultural, plantations, handling, excavation, domestic, fabrication, or irrigation purposes and to acquire, construct, hire, decorate, maintain or own land, workshops, factories, shops, show rooms, office, rights or agencies required for or in connection with any such business.

2. To acquire by purchase, lease, exchange, hire or otherwise develop or operate land, buildings and hereditament of any tenure or description including agricultural land, mines, quarries, tea or coffee gardens, farms, gardens, orchards, groves, plantations and any estate or interest therein, and any right over of connected with land and buildings so situated and develop or to turn the same to account as may seem expedient and in particular by preparing building sites and by constructing, reconstructing, altering, improving, decorating, furnishing and maintaining hotels, rooms, flats, houses, restaurants, markets, shops, workshops, mills, factories, warehouses, coldstorages, wharves, godowns, offices, hostels, gardens, swimming pools, play-grounds, buildings works and conveniences of all kinds and by leasing, hiring or disposing of the same, and to manage land, building and other properties, whether belonging to the Company or not, and to collect rents and income, and to supply tenants and occupiers and others refreshments, attendance, light, waiting rooms, reading rooms, meeting rooms, electric conveniences and other advantages.

3. Subject to the provisions of Sections 58A or the Act, to act as investors, guarantors, underwriters, financiers and, to lend (whether on security or otherwise), invest or deal with the money either with or without interest or security, including in current or deposit account with any Bank or Banks, other person or persons upon such terms, conditions and manner as may from time to time be determined and to receive money on deposit or loans upon such terms and conditions as the Company may approve subject to the provisions of the Companies Act, provided the Company shall not do any banking business as defined under the Banking Regulation Act, 1949.

4. To carry on business as timber saw mill proprietors and timber growers, and to buy, sell, grow, prepare for market, manipulate, import, export and deal in timber, teak, ply-wood, fire wood and wood at all kinds and to manufacture and deal in articles of all kinds in the manufacture of which timber, ply-wood or other wood is used and to buy, clear, plant and work timber estates.

5. To carry on business as manufacturers, producers, dealers, traders, importers, stockists, distributors, or agents of GLS lamps, electric bulbs, miniature bulbs, tube lights, flood lights, flash lights, mercury vapour bulbs, and other type or types of bulbs, lamps or tubes required or used for lighting or for industrial, domestic, electronics, transport vehicles or commercial purposes and glass, shells, fittings, tubes, filaments,

tungsten and molybdenum wires, caps and other materials, machineries, accessories and spares required or used for manufacture of bulbs, lamps or tubes.

6. To undertake and carry on the business of equipment leasing, hiring, hirepurchase, assetbased finance of all kinds including granting of loans to various persons, including to individuals, Hindu Undivided Families, partnership firms, bodies corporate, co-operative societies, associations or persons, trusts and unincorporated associations for the purchase of equipment, machinery, vehicles and other assets and import leasing and to give on lease or on leave and licence basis or in any other manner all types of equipments, property and assets including land and building, all kinds of goods, articles or things including vehicles to transport human beings, livestock, cargo on land, sea and air whether experimental or otherwise, all electrical and electronic equipment, office equipment, furniture, computers, satellites or any other capital equipment whether moveable or immoveable, to act as lease brokers, managers of lease portfolios and to act as general financiers whether on security or otherwise, and to undertake / participate in / share in the risks associated with such activity, if any.

7. To carry on the business of merchant banking in all its aspects, to act as managers to the issues and offers, whether by way of public offer or otherwise, of shares, stocks, debentures, bonds, units, participation certificates, deposit certificates, notes, bills, warrants, or any other instruments whether or not transferable or negotiable, commercial or other paper or scrips (hereinafter collectively referred to as the "securities"), to act as agents of and or dealers in the securities in the course of merchant banking business, to act as discount house for any of the securities, to act as financial consultants, advisers and counsellors in investment and capital markets, to underwrite, sub-underwrite or to provide stand by or procurement arrangements, to issue guarantees or to give any other commitments for subscription for the securities to manage portfolio investments, to provide financial and investment assistance for the Purposes herein, to act as an issue house, registrars to issue, transfer agents, for the securities, to manage and administer computer centres and clearing houses for the securities, to form syndicates or consortia of managers, agents and purchasers for or of any of the securities, to act as brokers, dealers and agents of or in connection with the securities, bullions and precious metals, to syndicate any financial arrangements whether in domestic market or on international market and whether by way of loan, guarantees and export credits; to undertake the work of factoring of bills and other commercial papers, and to arrange and/or co-ordinate documentation and negotiation in this regard.

8. To give advice on or to offer, give, take, circulate and/or otherwise organise, accept or implement any takeover bids, amalgamations, acquisitions, diversification, rehabilitation or restructuring of any business, concern, undertaking, company, body corporate, partnership firm or any other association of persons whether incorporated or not, by acquisitions of shares or assets and liabilities, and whether as a going concern or as a part of the concern or otherwise as may be required having regard to the business exigencies, and to promote, procure, incorporate, form or set up concerns and undertakings whether as company, body corporate, partnership or any other association of persons for engaging in any industrial, commercial or business activities.

9. To carry on the business of portfolio investment and managing the funds of the investors by investment in various avenues like Growth Fund, Income Fund, Risk Fund, Tax Exempt Funds, Pension/Superannuation Funds and to pass on the benefits of portfolio investment to the investors as dividend, bonus, interest and to provide a complete range of personal financial services like investment planning, estate planning, tax planning, portfolio investment, consultancy/counselling services and facilities of every description capable of being provided by investment fund manager and to act as managers to the issue of any securities and to promote form and mobilise capital.

10. To set up, incorporate, manage, provide and/or participate in providing venture capital, technology fund, underwriting fund, or any other fund for seed capital, risk capital foundation, including giving guarantee or such other financial assistance as may be conductive for development of new enterprises, innovative methods of production and development of existing and new technology, to identify projects, project ideas, to prepare project profiles, project reports, market research, feasibility studies and reports, pre- investment studies and investigation of industries on micro and macro level, to undertake appropriate service to identify scope or potential foreconomic and industrial development in any particular geographical area of location whether in India or abroad, to act as Lead Managers in respect of project assignments by undertaking follow up, supervision, and coordination work at the instance, behest or on behalf, of banks, financial institutions, companies, bodies corporate and to monitor the same to the satisfaction, of the management, to act as advisor in the management of the undertakings, business enterprises, offices, trade occupations and professions by

introducing modern techniques and systems and render all assistance as may be considered necessary including with regard to foreign collaboration, economic size, sources of plant and machinery and other utilities for business entrepreneurs, to undertake the services of project monitoring, project counselling and all allied activities.

11. To carry on the business of power generation through conventional, non- conventional, and renewable sources including the establishment of thermal power plant, hydro - electric power plant, nuclear power plant, wind power plant, solar power plant and such other power plants based on any conventional, non-conventional and renewable source of energy as may be developed or invented, or by the installation / purchase or hiring or financing of Wind Turbine Generator, Wind Electric Generator or any other type of Generators, equipments, plants and machineries and to generate, receive, transmit, sell, use, distribute, produce and supply power and all forms of energy including in all of its' derivative forms and to act as agents, representatives, consultants, collaborators, producers, distributors, sellers, buyers, financiers and dealers in all forms of power and energy including in all its' derivative forms.

12. To undertake and carry on the business of servicers of loans and other facilities, purchasing or acquiring and or assigning, selling, conveying, transferring and disposing of, by any means including securitization, the receivables arising out of loans (whether secured or unsecured), standard or non performing assets and / or the lease rentals and hire charges from the leasing or hire of equipment, machinery, vehicles and other assets (whether standard or non performing) including any underlying securities (where applicable) therewith and to undertake / participate in / share in the risks associated with such activity, if any.

13. To set up a securitization or an asset reconstruction company and undertake and carry on the business of servicers of non-performing assets, purchasing or acquiring and or assigning, selling, conveying, transferring and disposing of, by any means including by issuing or acquiring security receipts, the receivables arising out of such assets (whether secured or unsecured), including any underlying securities (where applicable) therewith, disposing off the underlying security (where applicable) and to undertake / participate in / share in the risks associated with such activity, if any.

14. To carry on the business of a corporate agent, for an Indian insurance company or a insurance co-operative society (as defined under the Insurance Regulatory and Development Authority Act, 1999, (as amended from time to time)) whether carrying on general insurance business and / or life insurance business, including companies owned by the Central Government or State Governments or Government Corporations, by soliciting and procuring insurance business including business relating to procuring, continuance, renewal or revival of policies of insurance or by providing any other facilities including infrastructure facilities as may be required by such Indian insurance companies or insurance co-operative societies, subject to receiving of requisite approvals from the Insurance Regulation & Development Authority under the Insurance Regulatory and Development Authority (Licensing of Corporate Agents) Regulations 2002, as amended from time to time.

Acquisitions or amalgamations by our Company

During the one year preceding the date of this Shelf Prospectus, there has been no acquisition by our Company.

During the one year preceding the date of this Shelf Prospectus, Magma Advisory and MITL have been amalgamated into our Company. Details in relation to such amalgamations are mentioned below:

Scheme of merger between our Company and Magma Advisory

Our Company and Magma Advisory had filed the Scheme for the merger of Magma Advisory, our erstwhile wholly owned subsidiary into our Company under Section 230 to 233 and other relevant provisions of the Companies Act, 2013 ("**Scheme**"). Our Company had filed the Scheme with the stated objectives of inter alia achieving greater integration, financial strength and flexibility and achieving consolidation of the activities of our Company and Magma Advisory to achieve inter alia operational synergies, greater productivity, economies of scale, reduction of overheads and economical operations for future growth of our Company. Our company received a no objection certificate from RBI dated August 2, 2017. The Central Government through the Regional Director, Eastern Region, Ministry of Corporate Affairs (the "**Regional Director**"), has vide its confirmation order dated January 15, 2018 (the "**Effective Date**"), approved the Scheme (the "**Confirmation Order**"). With effect from the Effective Date and operative from April 1, 2017 (the "**Appointed Date**"), the entire business and undertaking(s) of Magma Advisory including all the debts, liabilities, duties and obligations and all assets of

Magma Advisory have been transferred to our Company. While, the issued, paid up and subscribed share capital of Magma Advisory have been cancelled pursuant to the Scheme, the authorised share capital of Magma Advisory has been combined with the authorised share capital of our Company. MHFL, which was at the time an indirect subsidiary, held through Magma Advisory, has become a direct subsidiary of our Company.

Scheme of amalgamation between our Company and MITL

Our Company had filed a draft scheme of amalgamation under Section 230 to 232 and other relevant provisions of the Companies Act, 2013 ("**Scheme**"), with the National Company Law Tribunal, Kolkata Bench ("**NCLT**") for the merger of MITL, our erstwhile wholly owned subsidiary, into our Company. Our Company filed the Scheme with the stated objectives of inter alia achieve greater integration, financial strength, flexibility, cost savings, focused operational efforts, standardisation, consolidation of activities, pooling of managerial, technical and financial resources, economies of scale and reduction in regulatory compliance. Our company received a no objection certificate from RBI dated November 17, 2017. The NCLT through its order dated May 8, 2018 (the "**Effective Date**") approved the Scheme. With effect from the Effective date and operative from October 1, 2017 (the "**Appointed Date**") the entire business and undertaking(s) of Magma ITL including all the debts, liabilities, duties and obligations and all assets of Magma ITL have been transferred to our Company. While, the issued, paid up and subscribed share capital of Magma ITL have been cancelled pursuant to the Scheme, the authorised share capital of Magma ITL has been combined with the authorised share capital of our Company.

Reorganization or reconstruction of our Company

During the one year preceding the date of this Shelf Prospectus, there has been no reorganisation or reconstruction of our Company.

Material Agreements

Our Company has not entered into any material contract in the two years preceding this Shelf Prospectus other than in the ordinary course of business.

Our Subsidiary

As on the date of this Shelf Prospectus, our Company has one Subsidiary, namely Magma Housing Finance Limited ("**MHFL**"). Certain details pertaining to MHFL as provided below:

MHFL was incorporated as a public unlimited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated April 21, 2004 issued by the Registrar of Companies, Delhi ("**RoC Delhi**"). MHFL received its certificate for commencement of business from the RoC Delhi on April 26, 2004. MHFL was converted from a public unlimited company to a public limited company and its name was changed to its current name on April 7, 2017. Its registered office is situated at Magma House, 24 Park Street, Kolkata – 700 016.

It is engaged in the business of providing housing finance. MHFL is registered with the National Housing Bank pursuant to the registration certificate dated July 12, 2017.

As on the date of this Shelf Prospectus, our Company holds 14,81,02,500 equity shares of MHFL comprising 100% of the paid-up share capital of MHFL (including 50 equity shares of MHFL held by six individuals as nominees of our Company).

Our Associate Companies

Our Company has two Associate Companies, namely Magma HDI General Insurance Company Limited ("**Magma HDI**") and Jaguar Advisory Services Private Limited ("**Jaguar Advisory**")

Magma HDI

Magma HDI was incorporated as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated June 26, 2009 issued by the RoC and received a certificate of commencement of business from the RoC on July 9, 2009. Its registered office situated at 24, Park Street, Kolkata-700 016, West Bengal, India.

It is engaged in the business of providing general insurance. Magma HDI is registered with the IRDAI pursuant to the registration certificate dated May 22, 2012.

As on the date of this Shelf Prospectus, our Company holds 398,98,281 equity shares of Magma HDI aggregating to 31.92% of the paid-up share capital of Magma HDI.

The shareholding pattern of Magma HDI General Insurance Company Limited as on the date of this Shelf Prospectus

No.	Name of the shareholder	Number of shares held	Percentage of total shareholding %
1.	Magma Fincorp Limited	398,98,281	31.92
2.	Jaguar Advisory Services Private Limited	225,00,000	18.00
3.	Celica Developers Private Limited Jh: Vanita Chamria	111	*Negligible*
4.	Celica Developers Private Limited Jh: Harshvardhan Chamria	111	*Negligible*
5.	Celica Developers Private Limited Jh: Sanjay Chamria	222	*Negligible*
6.	Celica Developers Private Limited	297,15,787	23.77
7.	HDI Global SE	320,00,000	25.60
8.	Magma HDI General Insurance Company ESOP Trust	8,85,488	0.71
Total		**1,250,00,000**	**100.00**

Jaguar Advisory

Jaguar Advisory was incorporated as a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated July 3, 2009 issued by the RoC. It is engaged in the business of providing *inter alia* manpower services, advisory and consultancy services to other organisations. Its registered office situated at 24 Park Street, Kolkata 700 016, West Bengal, India.

As on the date of this Shelf Prospectus, our Company holds 11,000 equity shares of Jaguar Advisory aggregating to 48.89% of the paid-up share capital of Jaguar Advisory.

The shareholding pattern of Jaguar Advisory Services Private Limited as on the date of this Shelf Prospectus

Sr. No.	Name of the shareholder	Number of shares held	Percentage of total shareholding
1.	Magma Fincorp Limited	11,000	48.89
2.	Celica Developers Private Limited	11,000	48.89
3.	HDI Global SE	500	2.22
Total		22,500	100.00

OUR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder and the SEBI Listing Regulations. The Articles of Association provides that the number of Directors shall not be less than three and not more than 15, provided that our Shareholders may appoint additional director(s) by passing a special resolution. At present, our Company has seven Directors including two executive Directors and five non-executive Directors (including four independent Directors). Our Independent Directors include one-woman director.

In accordance with the provisions of the Companies Act, 2013, at least two-thirds of the total number of Directors, excluding independent Directors, are liable to retire by rotation, with one-third of such Directors retiring at each annual general meeting. Additionally, in accordance with the Articles of Association of our Company, if the number of Directors retiring is not three or a multiple of three, then the nearest number to one-third are liable to retire by rotation. A retiring Director is eligible for re-appointment. Further, an Independent Director may be appointed for a maximum of two consecutive terms of up to five consecutive years each. Any re-appointment of independent Directors shall, *inter alia*, be on the basis of the performance evaluation report and approved by the shareholders by way of a special resolution.

The following table provides information about the Directors as of the date of this Shelf Prospectus:

Sr. No.	Name, Designation, Address, DIN, Term and Nationality	Age	Other Directorships
1.	**Mayank Poddar** **Designation**: Chairman Emeritus and Whole Time Director **Address**: 24, Park Street, Kolkata 700 016, West Bengal, India **DIN**: 00009409 **Date of appointment**: December 18, 1978 **Term**: Five years from July 1, 2016 (liable to retire by rotation) **Nationality**: Indian	65	1. Magma HDI General Insurance Company Limited; 2. Jaguar Advisory Services Private Limited; 3. Celica Developers Private Limited; 4. Microfirm Capital Private Limited; 5. Magma Housing Finance Limited; 6. Fluence Advisory Services Limited; 7. Mask Corp; and 8. DJ Tradecom Private Limited
2.	**Narayan K. Seshadri** **Designation:** Chairman and Independent Director **Address:** Flat no. 51, 2nd floor, Block No.4, Hill Park Co-operative Housing Society Limited, A.G. Bell Marg, Malabar Hill, Mumbai 400 006, Maharashtra, India **DIN:** 00053563 **Date of appointment**: October 31, 2006 **Term**: Five years from September 25, 2014	61	1. The Clearing Corporation of India Limited; 2. Halcyon Enterprises Private Limited; 3. Halcyon Resources & Management Private Limited; 4. Tranzmute Capital & Management Private Limited; 5. A2O Software India Private Limited; 6. Radiant Life Care Private Limited; 7. Wabco India Limited; 8. TVS Wealth Private Limited; 9. TVS Investments Private Limited; 10. TVS Electronics Limited; 11. PI Industries Limited; 12. Clearcorp Dealing Systems (India) Limited; 13. SBI Capital Markets Limited; 14. Kritdeep Properties Private Limited; 15. AstraZeneca Pharma India Limited; 16. Kalpataru Power Transmission Limited; and 17. CG Power and Industrial Solutions Limited

Sr. No.	Name, Designation, Address, DIN, Term and Nationality	Age	Other Directorships
	Nationality: Indian		
3.	**Sanjay Chamria** **Designation**: Vice-chairman and Managing Director **Address**: 22/1, Belvedere Road, 10th floor, Alipore, Kolkata, 700 027, West Bengal, India **DIN**: 00009894 **Date of appointment:** September 28, 1993 **Term**: Five years from April 1, 2016 (liable to retire by rotation) **Nationality**: Indian	54	1. Magma HDI General Insurance Company Limited; 2. Magma Consumer Finance Private Limited; 3. Celica Developers Private Limited; 4. Microfirm Capital Private Limited; 5. Jaguar Advisory Services Private Limited; 6. Fluence Advisory Services Limited; 7. Finance Industry Development Council; and 8. Magma Housing Finance Limited.
4.	**V. K. Viswanathan** **Designation**: Independent Director **Address**: Apartment F 01, First Floor, Legacy Caldera, 56, SRT Road, Cunningham Cross Road, Bangalore 560 052, Karnataka, India **DIN**: 01782934 **Date of appointment:** August 13, 2016 **Term**: Five years from August 13, 2016 **Nationality**: Indian	68	1. Bosch Limited; 2. Magma HDI General Insurance Company Limited; 3. Bharti Airtel Limited; 4. HDFC Standard Life Insurance Company Limited; 5. Century Metal Recycling Private Limited; 6. KSB Limited; 7. TransUnion CIBIL Limited; and 8. United Spirits Limited
5.	**Satya Brata Ganguly** **Designation**: Independent Director **Address**: Flat no. 16B, Minto Park, 13 D L Khan Road, Kolkata 700 027, West Bengal, India **DIN**: 00012220 **Date of appointment:** July 16, 2010 **Term**: Five years from September 25, 2014 **Nationality**: Indian	76	1. West Bengal Industrial Development Corp Limited; 2. Paharpur Cooling Towers Limited; 3. Emami Limited 4. Magma Housing Finance Limited; and 5. Sucharita Printers Private Limited

Sr. No.	Name, Designation, Address, DIN, Term and Nationality	Age	Other Directorships
6.	**Vijayalakshmi Rajaram Iyer** **Designation**: Additional Director in the capacity of Independent Director **Address**: Flat No.1402, Barberry Towers Nahar Amrit Shakti, Andheri (East) Mumbai 400 072, Maharashtra, India **DIN**: 05242960 **Date of appointment:** January 31, 2019 **Term**: Five years from January 31, 2019 (Additional Director till next AGM) **Nationality**: Indian	63	1. Aditya Birla Capital Limited; 2. Aditya Birla ARC Limited; 3. Arihant Superstructures Limited; 4. Indiabulls Ventures Limited; 5. ICICI Securities Limited; 6. Religare Enterprises Limited; 7. Jammu and Kashmir Bank Limited; 8. YES Trustee Limited; and 9. BFSI Sector Skill Council of India
7.	**Madhumita Dutta-Sen** **Designation**: Non-executive Director **Address**: 4429, Fessenden Street NW, Washington, DC 20016-4065, USA **DIN**: 07885010 **Date of appointment:** August 29, 2017 **Term**: Liable to retire by rotation **Nationality**: American	59	Nil

Biographies of the Directors

Mayank Poddar, aged 65 years, is the Chairman emeritus of our Board and a whole-time director of our Company. He directs the corporate governance operations of our Company, supports policy formulation and provides guidance to our Board and management. He has been associated with our Company since 1978.

Narayan K. Seshadri, aged 61 years, is an independent director and the chairman of our Board. He 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, Wabco India Limited and TVS Electronics Limited. He has served as a founder director of Tranzmute Capital & Management Private Limited, a business consulting practice since its incorporation. He has been associated with our Company since 2006.

Sanjay Chamria, aged 54 years, is the vice-chairman and managing director on our Board. He holds a bachelor's degree in commerce from the University of Calcutta and is a Chartered Accountant. He leads our management team, drives our new business initiatives and anchors strategic policy formulation and execution in our Company. He has been associated with our Company since 1993.

V. K. Viswanathan, aged 68 years, is an independent director on our Board. He holds a bachelor's degree in commerce from the University of Madras and is a Chartered Accountant. He is the chairman of Bosch Limited, having earlier served as its managing director and as the president of the Bosch Group in India. He is on the board of directors of certain reputed companies such as Bosch Limited, HDFC Standard Life Insurance Company Limited, Bharti Airtel Limited and TransUnion CIBIL Limited. He has been associated with our Company since 2016.

Satya Brata Ganguly, aged 76 years, is an independent director on our Board. He holds a bachelor's degree in chemical engineering from the Bihar Institute of Technology, Sindri. He has held senior positions in Chloride India Limited (now Exide Industries Limited) having retired as its chairman emeritus. He is on the board of directors of various companies such as West Bengal Industrial Development Corporation Limited, Sucharita Printers Private Limited, Paharpur Cooling Towers Limited and Emami Limited. He has been associated with our Company since 2010.

Vijayalakshmi Rajaram Iyer, aged 63 years, is an Additional Director in the capacity of Independent Director on our Board. She holds a master's degree in commerce from University of Mumbai. She has previously served as an Executive Director of Central Bank of India and the Chairperson and Managing Director of Bank of India. She was also a Whole Time Member (Finance and Investment) in the IRDAI. She has been associated with our Company since January 31, 2019.

Madhumita Dutta-Sen, aged 59 years, is a non-executive director on our Board. She holds a master's degree in finance from the American University, Washington D.C. She has worked for the International Finance Corporation for more than 26 years. During her tenure at the International Finance Corporation, she held a wide range of positions and worked in multiple regions. At the time of her retirement, she held the position of Senior Manager, Portfolio, Europe and Central Asia. She has been associated with our Company since August 2017.

Relationship with other Directors

None of the Directors are related to each other.

Borrowing powers of our Company

Pursuant to a special resolution passed by the shareholders of our Company on June 17, 2014 in accordance with provisions of Section 180(1)(c) of the Companies Act, 2013, the Board has been authorised to borrow such sum or sums of money, which together with the money already borrowed by our Company (apart from temporary loans obtained or to be obtained by us from our bankers in our ordinary course of business), not exceeding ₹25,00,000 lacs.

Interest of our Directors

All of our independent directors and non-executive directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board or committees of the Board. Further, all of our Independent Directors may be deemed to be interested to the extent of commission payable to them. All of our Executive Directors may be deemed to be interested to the extent of remuneration payable to them.

Further, V. K. Viswanathan may also be regarded as interested to the extent of any equity shares held by him and also to the extent of any dividend payable to him and other distributions in respect of such equity shares held by him.

Mayank Poddar and Sanjay Chamria may be regarded as interested to the extent of any equity shares held by, subscribed by and/or allotted to Celica Developers Private Limited and Microfirm Capital Private Limited, in which they are interested as directors. Additionally, Sanjay Chamria HUF is interested to the extent of the equity shares held by it in Microfirm Capital Private Limited which is the Promoter of our Company. Sanjay Chamria is the Karta of the Sanjay Chamria HUF.

Sanjay Chamria may be regarded in as interested in Magma Consumer Finance Private Limited in which he is interested as a member to the extent of any equity shares to be allotted to him pursuant to the order of the NCLT dated 25 February 2019 approving the scheme of amalgamation made under Section 230 to 232 of the Companies Act between Magma Consumer Finance Private Limited and Columbine Decorative and Marketing Private Limited.

As on date of this Shelf Prospectus, none of the Directors are interested in any contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Our Company's directors have not taken any loan from our Company. Further, our Directors do not hold any debentures/ subordinated debt in our Company.

None of our Directors are directly interested in the promotion of our Company. However, Sanjay Chamria is the Karta of the Sanjay Chamria HUF which is a shareholder of Microfirm Capital Private Limited. Microfirm Capital Private Limited is the shareholder of our Company. Sanjay Chamria is interested in the promotion of our Company to that extent.

None of the Directors have any interest in immovable property acquired or proposed to be acquired by the Company in the preceding two years as of the date of this Shelf Prospectus.

Except Harshvardhan Chamria who is the chief strategy officer - housing and SME none of the relatives of our Directors have been appointed to a place of profit.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

Our Directors or their relatives have not purchased sold any Equity Shares of our Company or of our Subsidiary in the six months preceding the date of this Shelf Prospectus.

Shareholding of our Directors

As per the provisions of our Articles of Association, our Directors are not required to hold any qualification shares. Details of the Equity Shares held in our Company by our Directors, as on December 31, 2018 are provided in the table given below:

Sr. No.	Name of Director	No. of Equity Shares held
1.	V. K. Viswanathan	1,432

No Director of our Company has been granted or awarded any options under the Stock Option Plans as on the date of this Shelf Prospectus.

Except as disclosed below, our Directors do not hold any shares in our Subsidiary or Associate Companies.

Sr. No.	Name of Director	Subsidiary/ Associate Company	No. of Equity Shares held
1.	Sanjay Chamria*	Magma HDI General Insurance Company Limited	222
2.	Mayank Poddar**	Magma Housing Finance Limited	10
3.	Sanjay Chamria**	Magma Housing Finance Limited	10

** 222 shares jointly held with Celica Developers Private Limited*
***10 shares held as a nominee of the Company*

Terms of appointment and remuneration of executive Directors

<u>Mayank Poddar</u>

Mayank Poddar was re-appointed as a whole-time director on our Board for a period of five years from July 1, 2016, pursuant to a resolution of our Board dated May 12, 2016 and a resolution of our Shareholders dated September 19, 2016. He was re-designated as chairman emeritus of our Company for such period pursuant to a resolution of our Board dated August 13, 2016 and a resolution of our Shareholders dated September 19, 2016.

The remuneration payable to Mayank Poddar pursuant to the resolution dated September 19, 2016 was revised pursuant to a resolution of the Board dated August 2, 2018 as follows:

Category	Particulars
Basic salary	₹560,000 per month with an annual increment to be decided by the Board, on merit, within the limit permissible under the Companies Act, 2013, without the approval of the central government.
Perquisites/ benefits	(a) House rent allowance- 50% of basic salary- ₹2,80,000 per month (b) Special allowance - ₹4,19,210 per month (c) Leave travel concession: Reimbursement of expenses (like travel fare, lodging, boarding,

Category	Particulars
	conveyance and other expenses) incurred for self and family during the leave/holiday travel period, whenever undertaken once in a year in accordance with rules of our Company. In the event, Mayank Poddar does not go on leave travel, our Company shall pay him the entire eligible amount by way of leave travel allowance. (d) Club membership- Reimbursement of membership fee including admission and annual membership fee for one club in India. (e) Provident fund- Contribution to provident fund not exceeding 12% of his salary or such percentage limit as may be prescribed under income tax legislation. (f) Gratuity- Gratuity payable shall not exceed half a month's salary for each completed year of service. (g) Provision of use of telephone at residence (including payment for local calls and long-distance calls) and our Company's car shall not be included in the computation of perquisites. (h) Mayank Poddar shall not be entitled to any sitting fee for attending meetings of the Board or any committee thereof. (i) The Minimum remuneration: In the case of inadequacy of profits in any financial year during the tenure of Mayank Poddar, he shall be entitled to remuneration by way of salary along with perquisites, benefits and other allowances as mentioned above.

Sanjay Chamria

Sanjay Chamria was re-appointed as a whole time director of our Company and designated as vice-chairman and managing director for a period of 5 years from April 1, 2016 pursuant to the resolution of our Board dated February 9, 2016 and the resolution of our Shareholders dated September 19, 2016.

The remuneration payable to Sanjay Chamria pursuant to the resolution dated June 20, 2017 of our Board and was further revised pursuant to a resolution of the board dated August 2, 2018 is as follows:

Category	Particulars
Basic salary	₹7,46,667 per month with an annual increment to be decided by the Board, on merit, within the limit permissible under the Companies Act, 2013, without the approval of the central government.
Commission	Not exceeding 1% of the net profits of our Company, payable annually, calculated in the manner laid down under Section 198 of the Companies Act, 2013, after the approval of the annual accounts of our Company at the annual general meeting of our Company, as may be recommended by the Nomination and Remuneration Committee.
Perquisites/ benefits	(a) House rent allowance: 50% of basic salary- ₹3,73,334 per month (b) Special allowance - ₹558,947 per month (c) Leave travel concession: Reimbursement of expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during the leave/holiday travel period, whenever undertaken once in a year in accordance with rules of our Company. In the event, Sanjay Chamria does not go on leave travel, our Company shall pay him the entire eligible amount by way of leave travel allowance. (d) Club membership- Reimbursement of membership fee including admission and annual membership fee for one club in India. (e) Provident fund- Contribution to provident fund not exceeding 12% of his salary or such percentage limit as may be prescribed under income tax legislation. (f) Gratuity- Gratuity payable shall not exceed half a month's salary for each completed year of service. (g) Provision of use of telephone at residence (including payment for local calls and long distance calls) and our Company's car shall not be included in the computation of perquisites. (h) Sanjay Chamria shall not be entitled to any sitting fee for attending meetings of the Board or any committee thereof. (i) Minimum remuneration: In the case of inadequacy of profits in any financial year during the tenure of Sanjay Chamria, he shall be entitled to remuneration by way of salary along with perquisites, benefits and other allowances as mentioned above not exceeding such sum as may be prescribed under the Companies Act, 2013.

Remuneration of non-executive Directors by our Company

Remuneration to non-executive directors is payable by way of sitting fees for meetings of the Board and committees of the Board where they are members, as mentioned below:

(a) ₹1,00,000 per meeting of the Board, Audit Committee, Nomination and Remuneration Committee and Risk Management Committee, pursuant to the resolution of the Board dated May 11, 2017.
(b) ₹10,000 per meeting of the Stakeholders Relationship Committee pursuant to the resolution of the Board dated January 14, 2011.

Remuneration paid to our Directors in last three Fiscals by our Company

The following table sets forth the remuneration (which includes sitting fees and commission) paid by our Company to our Directors during the last three Fiscals:

(in ₹ lakhs)

Name of Directors	Fiscal 2018	Fiscal 2017	Fiscal 2016
Narayan K Seshadri	82.30	2.90	77.20
Mayank Poddar	150.00	150.00	150.00
Sanjay Chamria	430.00	150.00	310.00
Nabankur Gupta**	61.20	2.60	31.60
Satya Brata Ganguly	67.20	5.30	23.70
Sanjay Nayar	3.00	0.80	1.40
V. K. Viswanathan	64.20	1.40	N.A.
Madhumita Dutta-Sen	2.00	N.A.	N.A.
Neil Graeme Brown*	N.A.	N.A.	36.20
Ritva Kaarina Laukkanen*	2.00	0.80	0.60

**Erstwhile Directors of our Company*
*** Demise on December 7, 2018*

Remuneration paid to our Directors by our Subsidiary and Associate Companies

(in ₹ lakhs)

Name of Directors	Fiscal 2018	Fiscal 2017	Fiscal 2016
Magma ITL Finance Limited**			
Mayank Poddar	N.A.	N.A.	N.A.
Sanjay Chamria	N.A.	N.A.	N.A.
Satya Brata Ganguly	2.30	2.50	2.10
Magma HDI General Insurance Company Limited			
Mayank Poddar	N.A.	N.A.	N.A.
Sanjay Chamria	N.A.	N.A.	N.A.
V. K. Viswanathan	6.40	5.15	2.45

***Dissolved pursuant to NCLT order dated May 8, 2018. For details, see "Capital Structure" on page 54.*

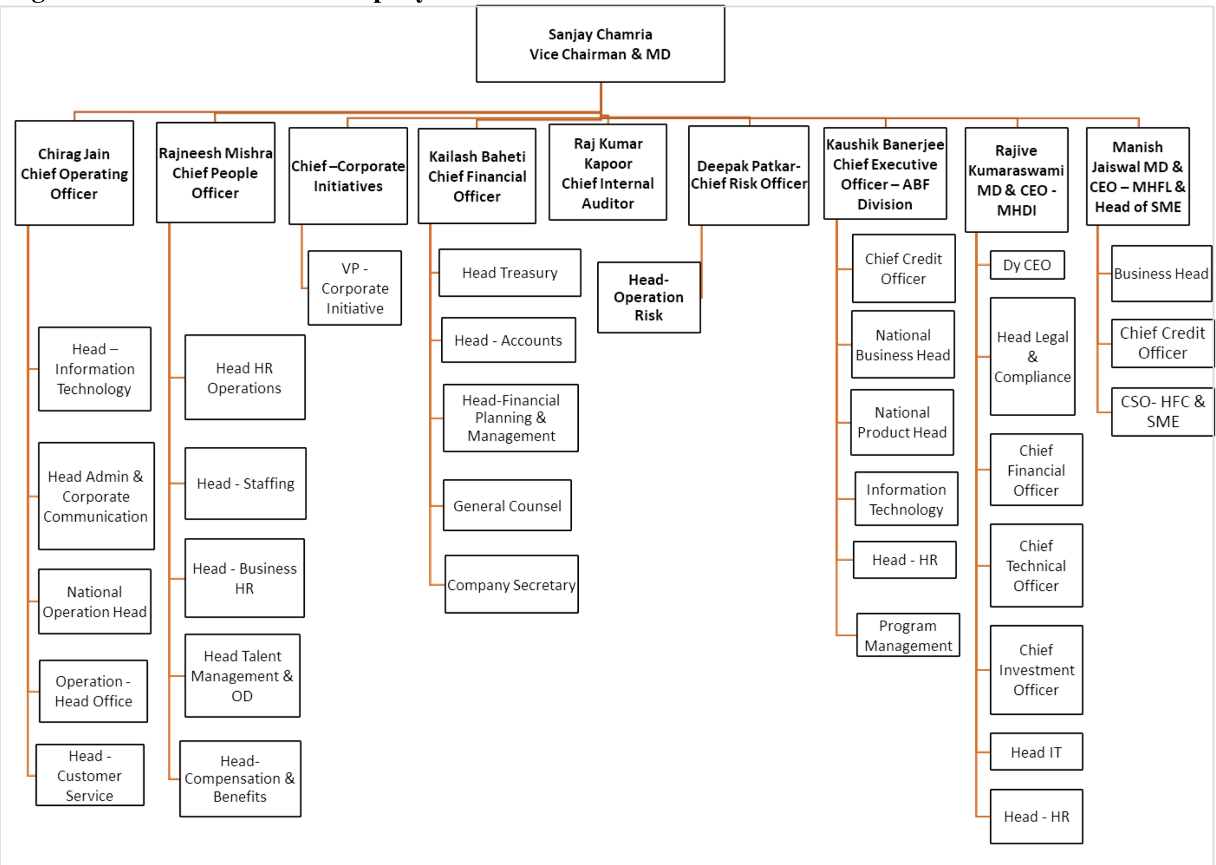
Changes in the Directors of our Company during the last three years:

The changes in the Board of Directors of our Company in the three years preceding the date of this Shelf Prospectus are as follows:

Name of the Director, Designation and DIN	Date of Appointment/ Resignation	Date of appointment of resigning Director	Remarks
Nabankur Gupta DIN: 00020125	December 7, 2018	October 22, 2008	Cessation due to demise of the Independent Director
Sanjay Nayar DIN: 00002615	April 19, 2018	July 1, 2011	Resignation as a Nominee Director
V. K. Viswanathan DIN: 01782934	August 13, 2016	-	Appointment as Independent Director
Neil Graeme Brown DIN: 01313315	May 6, 2016	August 4, 2006	Resignation as Independent Director
Ritva Kaarina Laukkanen DIN: 06882930	May 15, 2017	October 14, 2014	Resignation as Non-Executive Director
Madhumita Dutta-Sen	August 29, 2017	-	Appointent as Non-Executive

Name of the Director, Designation and DIN	Date of Appointment/ Resignation	Date of appointment of resigning Director	Remarks
DIN: 07885010			Director
Vijayalakshmi R Iyer DIN: 05242960	January 31, 2019	-	Appointent as Additional Director in the capacity of Independent Director

Organisational chart of our Company



Key Managerial Personnel

In addition to Sanjay Chamria, vice chairman and managing director and Mayank Poddar, chairman emeritus and whole-time Director, our Company's key managerial personnel are as follows:

Kailash Baheti is the Chief Financial Officer and President of our Company. He is a fellow member of the Institute of Chartered Accountants of India and is an associate of the Institute of Company Secretaries of India and the Institute of Cost Accountants of India. Prior to joining our Company, he had served as the chief executive officer of Century Extrusions Limited, having worked with such company for over 14 years. He also serves on the board of directors of MHFL. He heads the finance function of our Company and handles all aspects of finance including treasury, financial planning & management, investor relations, accounts, tax and corporate legal matters. He has been associated with our Company since October 18, 2011.

Shabnum Zaman is the Company Secretary of our Company. She holds a bachelor's degree in commerce from the University of Calcutta. Ms. Zaman is an associate of the Institute of Company Secretaries of India, having more than 14 years of professional experience as a company secretary. She has in the past worked in the capacity of a company secretary for certain listed companies with her last assignment being Gontermann-Peipers (India) Limited. She has been associated with our Company since December 12, 2014.

All our key managerial personnel are permanent employees of our Company

Senior management personnel

Kaushik Banerjee is the president and chief executive officer-asset backed finance of our Company**.** He holds a bachelor's degree in commerce from the University of Bombay and a master's degree in business management from the Asian Institute of Management. He has previously served as the president- strategy & corporate affairs of Cholamandalam Investment and Finance Company Limited. He has been associated with our Company since November 11, 2016.

Manish Jaiswal is the managing director and chief executive officer of MHFL and the head of our SME business. He holds a bachelor's in engineering degree from Visvesvaraya National Institute of Technology, Nagpur and has completed the Fast Track General Management Program conducted by the Indian Institute of Management, Bangalore. He has previously served as senior director-small and medium enterprises of CRISIL, having also served as a director-research and risk solutions of CRISIL. He has been associated with MHFL since June 26, 2017.

Rajive Kumaraswami is the managing director and chief executive officer of MHDI. He is a fellow member of the Institute of Chartered Accountants of India and an associate member of the Institute of Cost Accountants of India. He has previously served as the chief representative officer of the Indian liaison office of SCOR Services Asia-Pacific Pte Limited. He has been associated with MHDI since June 15, 2016.

Chirag Jain is the chief operating officer of our Company**.** He holds a bachelor's degree in engineering from the Indian Institute of Technology, Delhi and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has served as the director-operations of Aviva Life Insurance Company Limited and Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited. He has been associated with our Company since February 7, 2017.

Rajneesh Mishra is the Chief People Officer of our Company. He holds a bachelor's degree in law and masters degree in arts from Pt. Ravishankar Shukla University, Raipur. He has over two decades of experience in various Human Resource functions. He has previously served with Aditya Birla Group, ACC Cement, Eicher Tractors and Bajaj Allianz Life Insurance Co. Limited, where he led the HR function.

Raj Kumar Kapoor is the chief internal auditor of our Company. He is an associate member of the Institute of Chartered Accountants of India, a "Certified Internal Auditor" from the Institute of Internal Auditors USA, a "Certified Information System Auditor" from Information System Audit Control Association and a CPA of CPA Australia. He has previously served as the chief internal auditor of Dr. Reddy's Laboratories Limited, having also worked at PwC and Jubilant Organosys Ltd. He has been associated with our Company since March 7, 2011.

Deepak Patkar is the chief risk officer of our Company. He holds a bachelor's degree in engineer from the University of Mumbai and a master's degree in Management from Jamnalal Bajaj Institute, Mumbai. He has worked with organizations such as Citi Bank, HCL Corporation Limited and Cable Corporation of India Limited. He previously served as the executive vice president and chief risk officer of Fullerton India Credit Company Limited. He has been associated with our Company since September 4, 2018

Mahender Bagrodia is chief credit officer-ABF of our Company. He is a fellow member of the Institute of Chartered Accountants of India. He has over 17 years of experience and is responsible for the operations of the Company across India.

Rajesh Matta is chief credit officer-housing and SME. He holds a bachelor's degree in arts from the University of Delhi and a master's degree in business administration from the Institute of Management Technology, Ghaziabad as well as a master's degree in marketing and sales from Bhartiya Vidya Bhavan, Mumbai. He is a fellow of the Insurance Institute of India. He been awarded a certificate in financial markets by the NSDL for the depository operations module, a certificate in AMFI – Mutual fund advisory module conducted by the Association of Mutual Funds in India and has passed the JAIIB examination held by the Indian Institute of Banking and Finance. He has previously worked with Kotak Mahindra Bank Limited as senior vice president. He has been associated with the Company since December 12, 2017.

Harshvardhan Chamria is chief strategy officer- housing and SME. He heads the SME business, P&L and leads the product development and digital innovation as the chief strategy officer for the housing and SME business. He holds a bachelor's degree science from Cornell University and a master's degree in business administration from the Leland Stanford Junior University. He has been associated with the Company since September 1, 2014.

Vikas Mittal is deputy chief executive officer- Magma HDI General Insurance Limited. He is a qualified chartered accountant and cost accountant, and has passed the licentiate examination held by the Federation of the Insurance Institutes. He has previously worked with Citigroup Global Wealth Management as the managing director and Enam Securities Direct Private Limited as managing director and chief executive officer. He has been associated with our Company since November 1, 2011.

Corporate governance

Our Company believes that good corporate governance is an important constituent in enhancing stakeholder value. Our Company is in compliance with the requirements with respect to the corporate governance provided in the SEBI Listing Regulations and the Companies Act, 2013. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law.

The Board of Directors and committees of the Board are constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations.

Committees of the Board

In terms of SEBI Listing Regulations and Companies Act, 2013, our Company has constituted the following committees of Directors namely:

(i) Audit Committee;
(ii) Nomination and Remuneration Committee;
(iii) Stakeholders' Relationship Committee;
(iv) Corporate Social Responsibility Committee; and
(v) Risk Management Committee

The following table sets forth the details of the members of the aforesaid committees as of the date of this Shelf Prospectus:

Committee	Members	
Audit Committee	(a) Narayan K. Seshadri	Chairman
	(b) V. K. Viswanathan	Member
	(c) Satya Brata Ganguly	Member
Nomination and Remuneration Committee	(a) V. K. Viswanathan	Chairman
	(b) Narayan K. Seshadri	Member
	(c) Satya Brata Ganguly	Member
Stakeholders' Relationship Committee	(a) Satya Brata Ganguly	Chairman
	(b) Mayank Poddar	Member
	(c) Sanjay Chamria	Member
Corporate Social Responsibility Committee	(a) Mayank Poddar	Chairman
	(b) Sanjay Chamria	Member
	(c) Satya Brata Ganguly	Member
Risk Management Committee	(a) Sanjay Chamria	Chairman
	(b) Mayank Poddar	Member
	(c) Narayan K. Seshadri	Member

Other confirmations

No Director or Promoter of our Company has any interest in or shall benefit from the objects of the Offer.

No Director of our Company is a director of or is otherwise associated in any manner with, any company that appears in the list of the vanishing companies maintained by the Ministry of Corporate Affairs, Government of India.

No Director of our Company has been classified as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. No Director of our Company has been classified as a defaulter by the Export Credit Guarantee Corporation of India Limited.

Neither our Company, nor our Directors or Promoter and Promoter Group have been debarred from accessing capital markets under any order or direction made by SEBI.

OUR PROMOTERS

The Promoters of our Company are:

- Celica Developers Private Limited;
- Microfirm Capital Private Limited;
- Ashita Poddar.
- Kalpana Poddar;
- Mansi Poddar; and
- Shaili Poddar.

Details of our Promoters

Celica Developers Private Limited ("Celica")

Celica was incorporated as a private limited company under the Companies Act, 1956 *vide* a certificate of incorporation dated March 19, 1999 issued by the RoC. It is engaged in the business of real estate, hospitality and the trading of commodities and shares.

The shareholding pattern of Celica as on the date of this Shelf Prospectus is as mentioned below:

Name of the shareholder	Number of equity shares	Percentage holding of equity share capital (in %)
Kalpana Poddar	19,27,870	47.35
Microfirm Capital Private Limited	2,15,506	5.29
Pragati sales LLP	19,27,870	47.35
Total	**40,71,246**	**100.00**

The board of directors of Celica as on the date of this Shelf Prospectus are as mentioned below:

- Mr. Sanjay Chamria;
- Mr. Mayank Poddar;
- Mr. Kalyan Kumar Bose;
- Mr. Sanjay Goel;
- Mr. Vivek Punjabi;
- Mr. Adarsh Tulshan; and
- Mr. Nikhil Alok Gupta.

As on December 31, 2018, Celica held 10.93% of our Equity Share capital.

Microfirm Capital Private Limited ("Microfirm")

Microfirm was originally incorporated as Microfirm Softwares Private Limited under the Companies Act, 1956 *vide* a certificate of incorporation dated July 5, 1995 issued by RoC. Subsequently, its name was changed to Microfirm Capital Private Limited pursuant to the fresh certificate of incorporation consequent to change in name dated January 22, 2013 issued by the RoC. Microfirm is a "core investment company" registered with the RBI as an NBFC under Section 45-IA of the RBI Act pursuant to the registration certificate dated October 3, 2017.

The shareholding pattern of Microfirm as on the date of this Shelf Prospectus is as mentioned below:

Name of the shareholder	**Number of equity shares**	**Percentage holding of equity share capital (in %)**
Vanita Chamria	1,00,663	8.62
Banwarilal Chamria & Others (HUF)	3,94,119	33.76
Sanjay Chamria (HUF)	89,018	7.62
Kalpana Poddar	5,83,800	50.00
Total	**11,67,600**	**100.00**

The board of directors of Microfirm as on the date of this Shelf Prospectus are as mentioned below:

- Mr. Sanjay Chamria;
- Ms. Vanita Chamria;
- Mr. Mayank Poddar;
- Ms. Kalpana Poddar; and
- Mr. Harshvardhan Chamria.

As on December 31, 2018, Microfirm held 12.63% of our Equity Share capital.

Ms. Ashita Poddar, aged about 32 years, is a resident of 1, Ashoka Road, Kolkata 700 027, West Bengal, India. As on December 31, 2018, she held 0.01% of our Equity Share capital.

Ms. Kalpana Poddar, aged about 59 years, is a resident of 24, Park Street, Kolkata 700 016, West Bengal, India. As on December 31, 2018, she held 0.02% of our Equity Share capital.

Ms. Mansi Poddar, aged about 37 years, is a resident of 39, Chowringhee Road, Kolkata 700 071, West Bengal, India. As on December 31, 2018, she held 0.11% of our Equity Share capital.

Ms. Shaili Poddar, aged about 35 years, is a resident of 24, Park Street, Kolkata 700 016, West Bengal, India. As on December 31, 2018, she held 0.05% of our Equity Share capital.

Interest of our Promoters

Except the related party transactions entered into between our Company and our Promoters, as disclosed in "*Financial Statements*" on page 122 and the direct and indirect shareholding of our Promoters in our Company, our Promoters do not have any interest in our Company.

Other understandings and confirmations

None of our Promoters have been identified as a wilful defaulter by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI, or by Export Credit Guarantee Corporation of India Limited.

No violations of securities laws have been committed by our Promoters in the past or are currently pending against them. None of our Promoters are restrained, debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority.

SECTION V- FINANCIAL INFORMATION

FINANCIAL STATEMENTS

EXAMINATION REPORT AND REFORMATTED STANDALONE FINANCIAL INFORMATION

To

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

15 January 2019

Dear Sirs,

1. We have examined the attached reformatted standalone financial information of Magma Fincorp Limited ('the Company'), which comprise of Reformatted Standalone Summary Statement of Assets and Liabilities as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, the Reformatted Standalone Summary Statement of Profit and Loss, the Reformatted Standalone Summary Statement of Cash Flows for each of the years ended 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014 and the Summary of Significant Accounting Policies (hereinafter referred to as 'Reformatted Standalone Financial Information'), annexed to this report for the purpose of inclusion in the Draft Shelf Prospectus and/or Shelf Prospectus and/or Tranche Prospectus(es), and any amendments and supplements thereto (collectively the "Offering Documents") to be filed by the Company in connection with its proposed issue of Secured redeemable non-convertible debentures ("NCDs") of face value ₹ 1000/- each, aggregating up to ₹ 1,000 crores (Rupees one thousand crores only), in one or more tranches (the "Proposed Issue"), as approved by the Board of Directors of the Company by taking into consideration the requirements of:

    a. Section 26 of Part I of Chapter III of the Companies Act 2013 read with rule 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the 'Rules'); and

    b. the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ('the SEBI Debt Regulations') issued by Securities and Exchange Board of India ('SEBI') Act, 1992.

Management's Responsibility

2. The Company's Board of Directors is responsible for the preparation of Reformatted Standalone Financial Information for the purpose set out in the paragraph 10 below. The responsibility of Company's Board of Directors includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of Reformatted Standalone Financial Information. The Company's Board of Directors is also responsible for identifying and ensuring that the Company complies with the requirements of the Rules and SEBI Debt Regulations.

3. The Reformatted Standalone Financial Information have been compiled by the management from the audited standalone financial statements of the Company for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, which were approved by Board of Directors of the Company on 09 May 2018, 11 May 2017, 12 May 2016, 08 May 2015 and 07 May 2014 respectively.

Auditor's Responsibility

4. We have examined the Reformatted Standalone Financial Information taking into consideration:

    a. the terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 15 January 2019 in connection with the Proposed Issue;

    b. requirements of the Rules and the SEBI Debt Regulations; and

    c. Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (ICAI) ("the Guidance Note").

5. As stated in our audit report referred to in paragraph 3 above, we conducted our audit for the year ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 in accordance with the Standards on Auditing specified under Section 143 (10) of the Companies Act, 2013 issued by the Institute of Chartered Accountants of India, as applicable. Those Standards require we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

6. In accordance with the Rules, the SEBI Debt Regulations, the Guidance note and the terms of our engagement agreed with you, we report that the Reformatted Standalone Financial Information of the Company as at and for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 examined by us are accurately compiled from the audited standalone financial statements of the Company for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014.

7. Based on our examination as above and according to the information and explanations given to us, we further report that:

    a. the Reformatted Standalone Financial Information have to be read in conjunction with the notes given in Annexure V;
    b. the figures of earlier years have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to conform primarily to the requirements of the Schedule III to the Companies Act, 2013; and
    c. in the preparation and presentation of Reformatted Standalone Financial Information based on audited standalone financial statements as referred to in paragraph 3 and 5 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 3 above.

8. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.

9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

Restrictions of use

10. This report is intended solely for use of the management for inclusion in the Offering Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Kolkata (RoC), as applicable, prepared in connection with the Proposed Issue of the Company. Our report should not be used, referred to or distributed for any other purpose without our prior written consent.

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

Manoj Kumar Vijai
Partner
Membership No: 046882
Mumbai, 15 January 2019

Reformatted Standalone Summary Statement of Assets and Liabilities

MAGMA FINCORP LIMITED

Annexure-I

(₹ in Lacs)

	Note No.	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES						
Shareholders' funds						
Share capital	3	4,740.57	4,739.19	6,036.77	13,508.92	15,224.84
Reserves and surplus	4	214,899.79	199,050.19	198,404.64	134,546.62	122,599.31
		219,640.36	**203,789.38**	**204,441.41**	**148,055.54**	**137,824.15**
Non-current liabilities						
Long-term borrowings	5	211,377.25	238,677.37	260,363.35	288,173.32	277,455.80
Deferred tax liabilities (net)	13	-	-	-	1,465.41	3,655.74
Long-term provisions	6	29,802.50	18,534.81	29,144.31	19,794.61	13,150.75
		241,179.75	**257,212.18**	**289,507.66**	**309,433.34**	**294,262.29**
Current liabilities						
Short-term borrowings	7	572,376.84	487,335.75	595,411.83	544,405.49	465,507.46
Trade payables	8					
- Due to micro and small enterprises		-	-	-	-	-
- Due to others		31,889.68	21,038.31	19,050.81	23,648.68	29,102.26
Other current liabilities	9	128,588.36	171,123.45	179,857.39	205,134.19	206,949.58
Short-term provisions	10	1,561.02	1,426.58	5,580.29	4,254.99	4,322.17
		734,415.90	**680,924.09**	**799,900.32**	**777,443.35**	**705,881.47**
Total		**1,195,236.01**	**1,141,925.65**	**1,293,849.39**	**1,234,932.23**	**1,137,967.91**
ASSETS						
Non-current assets						
Fixed assets						
- Property, plant and equipment	11	16,343.31	18,315.31	17,365.65	17,193.91	15,422.59
- Intangible assets	11	2,763.37	2,779.78	2,786.92	2,341.35	281.55
- Capital work-in-progress		107.85	548.90	1,186.45	805.67	2,505.11
		19,214.53	21,643.99	21,339.02	20,340.93	18,209.25
Non-current investments	12	40,726.04	53,284.47	43,217.58	16,944.65	22,437.32
Deferred tax assets (net)	13	2,527.05	1,971.67	2,762.87	-	-
Long-term loans and advances	14					
- Assets on finance		677,398.07	605,715.07	739,607.90	717,715.30	598,217.84
- Others		10,223.72	18,768.54	2,636.02	1,951.61	7,426.16
Other non-current assets	15	10,138.23	16,913.69	8,232.57	9,815.78	14,675.02
		760,227.64	**718,297.43**	**817,795.96**	**766,768.27**	**660,965.59**
Current assets						
Current investments	16	6,504.06	4,737.23	2,597.22	7,198.08	9,640.61
Trade receivables	17	371.89	643.21	706.97	752.11	1,550.52
Cash and bank balances	18	37,467.50	27,249.11	36,045.96	56,595.17	69,542.35
Short-term loans and advances	19					
- Assets on finance		376,569.91	376,890.14	420,893.76	384,002.59	375,224.87
- Others		6,145.38	6,143.59	7,697.19	10,321.70	11,551.04
Other current assets	20	7,949.63	7,964.94	8,112.33	9,294.31	9,492.93
		435,008.37	**423,628.22**	**476,053.43**	**468,163.96**	**477,002.32**
Total		**1,195,236.01**	**1,141,925.65**	**1,293,849.39**	**1,234,932.23**	**1,137,967.91**
Significant accounting policies	2					
Notes to the Reformatted Standalone Financial Informtion	3 - 48					

The Notes referred to above form an integral part of Reformatted Standalone Financial Informtion

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Manoj Kumar Vijai
Partner
Membership No. 046882
Mumbai, 15 January 2019

Shabnum Zaman
Company Secretary
Kolkata, 15 January 2019

Kailash Baheti
Chief Financial Officer
Mumbai, 15 January 2019

Reformatted Standalone Summary Statement of Profit and Loss

MAGMA FINCORP LIMITED

Annexure-II

(₹ in Lacs)

	Note no.	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
REVENUE						
Revenue from operations	21	197,915.80	197,766.77	210,964.03	201,877.45	184,677.78
Other income	22	5,795.09	4,906.65	2,951.52	2,717.80	2,907.04
Total revenue		**203,710.89**	**202,673.42**	**213,915.55**	**204,595.25**	**187,584.82**
EXPENSE						
Employee benefits expense	23	32,433.16	23,020.76	24,658.18	28,969.74	21,309.13
Finance costs	24	78,467.49	94,256.97	99,808.90	106,144.01	105,516.19
Depreciation and amortisation expense	11	4,897.65	4,828.66	3,934.44	3,451.50	3,314.00
Provisions and bad debts written-off	25	34,637.56	54,232.49	33,736.41	22,255.61	16,143.18
Other expenses	26	26,300.67	25,263.73	25,180.53	26,263.67	23,462.69
Total expense		**176,736.53**	**201,602.61**	**187,318.46**	**187,084.53**	**169,745.19**
Profit before tax		**26,974.36**	**1,070.81**	**26,597.09**	**17,510.72**	**17,839.63**
Tax expense:						
Current tax - current year		7,532.41	-	12,140.00	4,580.00	6,250.00
- earlier year		(251.61)	(330.07)	(29.60)	166.70	(8.48)
Deferred tax		(555.38)	791.20	(4,228.28)	(2,142.73)	(1,959.21)
Profit after tax		**20,248.94**	**609.68**	**18,714.97**	**14,906.75**	**13,557.32**
Earnings per equity share	29					
(Nominal value of ₹ 2/- each fully paid up):						
Basic (in ₹)		8.54	0.26	7.84	7.22	6.47
Diluted (in ₹)		8.52	0.26	7.82	7.19	6.46
Significant accounting policies	2					
Notes to the Reformatted Standalone Financial Informtion	3 - 48					

The Notes referred to above form an integral part of Reformatted Standalone Financial Informtion

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Manoj Kumar Vijai
Partner
Membership No. 046882
Mumbai, 15 January 2019

Shabnum Zaman
Company Secretary
Kolkata, 15 January 2019

Kailash Baheti
Chief Financial Officer
Mumbai, 15 January 2019

Reformatted Standalone Summary Statement of Cash Flows

MAGMA FINCORP LIMITED

Annexure-III

(₹ in Lacs)

	Year ended 31 March 2018		Year ended 31 March 2017		Year ended 31 March 2016		Year ended 31 March 2015		Year ended 31 March 2014	
A. CASH FLOW FROM OPERATING ACTIVITIES										
Profit before tax		26,974.36		1,070.81		26,597.09		17,510.72		17,839.63
Adjustments for :										
Depreciation and amortisation expense	4,897.65		4,828.66		3,934.44		3,451.50		3,314.00	
Interest expense	64,185.36		79,087.52		81,789.31		88,692.69		85,724.08	
Provision for non-performing assets	6,352.90		16,514.04		9,444.93		6,302.82		6,495.20	
Utilisation of provision on sale of non-performing assets	-		(27,240.62)		-		-		-	
Contingent provision against standard assets	520.00		70.00		50.00		290.00		(90.00)	
Income on non convertible debenture	-		-		(2,199.99)		-		-	
Gain on sale of investments (net)	(1.50)		-		(5.08)		-		-	
Excess provision on investment written back	(1.05)		-		(34.53)		-		-	
Investment written off	1.12		-		-		-		-	
(Profit) / Loss on sale of fixed assets (net)	(190.35)		(16.00)		2.30		52.53		17.63	
Capital work in progress written-off	597.69		690.13		-		-		-	
Employee share based compensation expense	50.08		(37.60)		230.82		3.06		63.02	
Discount on commercial papers	10,530.18		11,098.65		14,007.05		13,087.60		15,205.34	
Dividend income	-		(0.36)		(0.05)		-		-	
Mark-to-market (profit)/loss on derivative contracts	-	86,942.08	(23.10)	84,971.32	23.10	107,242.30	(42.32)	111,837.88	(197.06)	110,532.21
Operating cash flow before working capital changes		**113,916.44**		**86,042.13**		**133,839.39**		**129,348.60**		**128,371.84**
Adjustments for :										
Trade and other receivables	11,720.95		(7,882.93)		3,520.86		4,959.11		111.53	
Assets on finance	(31,194.15)		176,364.77		(65,603.56)		(128,552.17)		3,954.24	
Other bank balances	(2,196.49)		(6,651.83)		17,380.53		7,981.86		(1,418.74)	
Trade payables and other liabilities	15,552.87	(6,116.82)	1,345.47	163,175.48	(7,887.90)	(52,590.07)	(1,231.64)	(116,842.84)	35.23	2,682.26
Cash from operations		**107,799.62**		**249,217.61**		**81,249.32**		**12,505.76**		**131,054.10**
Taxes paid (net)		(8,768.25)		(8,584.48)		(9,855.90)		(4,172.12)		(5,054.09)
Net cash from operating activities (A)		**99,031.37**		**240,633.13**		**71,393.42**		**8,333.64**		**126,000.01**
B. CASH FLOW FROM INVESTING ACTIVITIES										
Purchase of fixed assets (including capital work-in-progress)	(5,196.23)		(6,271.41)		(6,068.05)		(5,901.05)		(4,115.93)	
Proceeds from sale of fixed assets	2,521.72		463.64		1,133.22		125.34		16.62	
Investment in subsidiaries	-		-		(24,888.89)		-		-	
Investment in joint ventures	-		-		(3,700.00)		-		-	
Investment in Non convertible debenture	-		-		(20,700.00)		-		-	
Proceeds from maturity of non-convertible debenture	-		-		22,899.99		-		-	
Impact of amalgamation of subsidiaries	(3,373.11)		-		-		-		-	
Dividend income	-		0.36		0.05		-		-	
Subscription to investments	(10,377.86)		(17,396.00)		(2,098.92)		7,935.20		(3,533.72)	
Proceeds from maturity of investments	9,408.43		5,189.10		9,055.35		-		-	
Net cash used in investing activities (B)		**(7,017.05)**		**(18,014.31)**		**(24,367.25)**		**2,159.49**		**(7,633.03)**

Annexure-III

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
C. CASH FLOW FROM FINANCING ACTIVITIES					
Payments for redemption of non-convertible preference shares	-	(1,300.20)	(8,650.20)	(1,722.04)	(6,312.04)
Proceeds from issue of long-term debentures	21,100.00	28,860.00	40,180.00	71,500.00	72,860.00
Redemption of long-term debentures	(59,200.00)	(56,230.00)	(96,780.00)	(123,500.00)	(52,800.00)
Proceeds from availment of term loans	37,588.33	72,546.98	77,088.80	90,058.30	32,016.09
Repayment of term loans	(81,822.58)	(70,509.22)	(61,395.27)	(28,032.32)	(34,707.20)
Repayment of Inter - Corporate Deposits -	(3,500.00)	-	-	-	-
Increase / Decrease in short-term borrowings(net) *	61,240.39	(119,174.74)	36,999.31	65,810.41	(93,269.83)
Proceeds from issue of equity shares including	41.40	78.59	49,331.79	140.73	58.75
Interest paid	(68,595.57)	(81,628.49)	(83,139.28)	(91,225.49)	(84,354.15)
Dividend paid (including tax thereon)	(2,280.35)	(2,786.91)	(3,450.53)	(3,103.18)	(3,065.50)
Net cash used in financing activities (C)	**(95,428.38)**	**(230,143.99)**	**(49,815.38)**	**(20,073.59)**	**(169,573.88)**
Net decrease in cash and cash equivalents (A+B+C)	(3,414.06)	(7,525.17)	(2,789.21)	(9,580.46)	(51,206.90)
Cash and cash equivalents as at the beginning of the year	12,684.29	20,209.46	22,998.67	32,579.13	83,786.03
Cash and cash equivalents as at the end of the year	**9,270.23**	**12,684.29**	**20,209.46**	**22,998.67**	**32,579.13**
CASH AND CASH EQUIVALENTS [Note 18]					
Cash in hand	4,025.76	5,433.09	6,420.70	5,689.50	5,944.62
Balances with banks					
In current and cash credit accounts	3,546.78	5,626.93	12,258.40	17,158.79	26,634.51
In deposit accounts with maturity of less than three months	1,697.69	1,624.27	1,530.36	150.38	-
	9,270.23	**12,684.29**	**20,209.46**	**22,998.67**	**32,579.13**

* Short-term borrowings have been presented on a net basis as the transactions during the year are voluminous.

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Manoj Kumar Vijai
Partner
Membership No. 046882
Mumbai, 15 January 2019

Shabnum Zaman
Company Secretary
Kolkata, 15 January 2019

Kailash Baheti
Chief Financial Officer
Mumbai, 15 January 2019

For FY 2017-18

Note: 1

COMPANY OVERVIEW:

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

(i) Basis of preparation

(a) These financial statements have been prepared in compliance with Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the mandatory Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('the 2013 Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the 2013 Act (to the extent notified and applicable), the directions prescribed by the Reserve Bank of India ('RBI') for Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies, 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. The financial statements have been prepared under the historical cost convention and on accrual basis, unless otherwise stated. The financial statements are presented in Indian rupees rounded off to the nearest lac upto two decimal places.

(b) An asset or liability is respectively classified as current when it is expected to be realized or settled in the company's normal operating cycle or within 12 months after the reporting date. Current assets and liabilities include the current portion of non-current assets and non-current liabilities respectively. All other assets and liabilities are classified as non-current as required by Schedule III of the Companies Act, 2013.

(c) The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(ii) Use of estimates and judgements

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ('Indian GAAP') requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis and actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(iii) Assets on finance

(a) Assets on finance include assets given on finance / loan and amounts paid for acquiring financial assets including non-performing assets (NPAs) from other Banks / Non Banking Financial Companies (NBFCs).

(b) Assets on finance represents amounts receivable under finance / loan agreements and are valued at net investment amount including installments due. The balance is net of amounts securitised / assigned.

(iv) Revenue recognition

(a) Interest / finance income from assets on finance / loan included in revenue from operations represents interest income arrived at based on Internal Rate of Return ('IRR') method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount of principal outstanding and the interest rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation as per RBI Guidelines.

(b) **Income on direct assignment / securitisation :**

The Company enters into arrangements for sale of loan receivables through direct assignment / securitisation. The said assets are de-recognised upon transfer of significant risks and rewards to the purchaser and on meeting the true sale criteria.

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

The Company recognises gain / excess interest spread on direct assignment / securitisation transactions in line with RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016. Accordingly, direct assignment / securitisation transactions effected post issuance of the said guidelines are accounted as under:

(i) Gain / income realised on direct assignment / securitisation of loan receivables arising under premium structure is recognised over the tenure of securities issued by Special Purpose Vehicle (SPV) / agreements. Loss, if any, is recognised upfront.

(ii) EIS under par structure of securitisation / direct assignment of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by SPV / agreements. Loss, if any, is recognised upfront.

(c) Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(d) Upfront income / expense pertaining to loan origination is amortised over the tenure of the underlying loan contracts.

(e) Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the statement of profit and loss as per contractual rentals unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognised in the statement of profit and loss over the lease term in proportion to the recognition of lease income.

(f) Overdue interest is treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

(g) In respect of NPAs acquired, recoveries in excess of consideration paid is recognised as income in accordance with RBI guidelines.

(h) The sale of non-performing assets is accounted for as per the guidelines prescribed by RBI. On sale, the assets are derecognised from the books. If the sale proceeds are lower than the net book value (NBV) (i.e., book value less provisions held), the shortfall is charged to the Statement of Profit and Loss in the year of sale. In case of sale other than in cash, if the sale proceeds are higher than the NBV, the excess provision is written back in the year the amounts are received, as required by the RBI.

(i) Income on Security Receipts (SRs) are recognised only after the full redemption of the entire principal amount of SRs.

(j) Income from collection and support services is recognised as per the terms of the respective contract on accrual basis.

(k) Income from power generation is recognised based on the units generated as per the terms of the respective power purchase agreements with the respective State Electricity Boards.

(l) Income from dividend is accounted for on receipt basis.

(m) All other items of income are accounted for on accrual basis.

(v) Provision for non-performing assets ('NPA') and doubtful debts

Non-performing assets ('NPA') including loans and advances, receivables are identified as sub-standard / doubtful based on the tenor of default. The tenor is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning and meets the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

All contracts which as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts or fully provided for. Recoveries made from previously written off contracts are included in "Other Income".

(vi) Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition less accumulated depreciation. The cost of tangible fixed assets comprises the purchase price, taxes, duties, freight (net of rebates and discounts) and any other directly attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long-term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

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

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

(vii) Depreciation and amortisation

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

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

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

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

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

Desktops	6 years
Laptops / Hand Held Device	4 years

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

(viii) Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(ix) Investments

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

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

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

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

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

(f) Investment in Security Receipts (SRs) is recognised at lower of: (i) Net Book Value (NBV) (i.e., book value less provisions held) of the financial asset; and (ii) estimated redemption value of SRs at the end of each reporting period, as prescribed by RBI. Accordingly, in cases where the SRs issued by the Securitisation Company / Asset Reconstruction Company (SC/ARC) are limited to the actual realisation of the underlying financial assets, the net asset value, obtained from the SC/ARC, is reckoned for valuation of such investments. The SRs outstanding and not redeemed as at the end of the resolution period are treated as loss assets and are fully provided for.

(x) Employee benefits

(a) Provident fund

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

(b) Gratuity

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

(c) Compensated absences

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

(xi) Employee Stock Compensation Cost

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

(xii) 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 timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in the statement of profit and loss.

(a) Current tax

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

(b) Deferred tax

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

(c) Minimum alternative tax

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

(xiii) Provision and contingencies

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

(a) Onerous contracts

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

(b) Contingencies

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

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

(xiv) Contingent liabilities and contingent assets

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

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

(xv) Derivative transactions

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

(xvi) Borrowing costs

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

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

(xvii) Operating leases

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

(xviii) Earnings per share

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

(xix) Foreign currency transactions

Foreign currency transactions are accounted for at the rates prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Statement of Profit and Loss. Monetary assets and liabilities denoted in foreign currencies as at the Balance Sheet date are translated at the closing exchange rates. Resultant exchange differences, if any, are recognised in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency at the Balance Sheet date are reported using exchange rates at the date of the transaction.

(xx) Cash and cash equivalents

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

(xxi) Cash flow statement

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

For FY 2016-17

Note: 1

COMPANY OVERVIEW:

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

(i) Basis of preparation

(a) These financial statements have been prepared in compliance with Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the mandatory Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('the 2013 Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the 2013 Act (to the extent notified and applicable), the directions prescribed by the Reserve Bank of India ('RBI') for Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies, 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. The financial statements have been prepared under the historical cost convention and on accrual basis, unless otherwise stated. The financial statements are presented in Indian rupees rounded off to the nearest lac upto two decimal places.

(b) An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. In case of non-banking financial companies normal operating cycle is not determinable, and therefore operating cycle is considered as 12 months for classification of current and non-current assets and liabilities as required by Schedule III of the Companies Act, 2013.

(c) The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(ii) Use of estimates and judgements

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

(iii) Assets on finance

(a) Assets on finance include assets given on finance / loan and amounts paid for acquiring financial assets including non-performing assets (NPAs) from other Banks / Non Banking Financial Companies (NBFCs).

(b) Assets on finance represents amounts receivable under finance / loan agreements and are valued at net investment amount including installments due. The balance is net of amounts securitised / assigned.

(iv) Revenue recognition

(a) Interest / finance income from assets on finance / loan included in revenue from operations represents interest income arrived at based on Internal Rate of Return ('IRR') method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount of principal outstanding and the interest rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation as per RBI Guidelines.

(b) **Income on direct assignment / securitisation :**

The Company enters into arrangements for sale of loan receivables through direct assignment / securitisation. The said assets are de-recognised upon transfer of significant risks and rewards to the purchaser and on meeting the true sale criteria.

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

The Company recognises gain / excess interest spread on direct assignment / securitisation transactions in line with RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016. Accordingly, direct assignment / securitisation transactions effected post issuance of the said guidelines are accounted as under:

(i) Gain / income realised on direct assignment / securitisation of loan receivables arising under premium structure is recognised over the tenure of securities issued by Special Purpose Vehicle (SPV) / agreements. Loss, if any, is recognised upfront.

(ii) EIS under par structure of securitisation / direct assignment of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by SPV / agreements. Loss, if any, is recognised upfront.

(c) Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(d) Upfront income / expense pertaining to loan origination is amortised over the tenure of the underlying loan contracts.

(e) Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the statement of profit and loss as per contractual rentals unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognised in the statement of profit and loss over the lease term in proportion to the recognition of lease income.

(f) Overdue interest is treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

(g) In respect of NPAs acquired, recoveries in excess of consideration paid is recognised as income in accordance with RBI guidelines.

(h) The sale of non-performing assets is accounted for as per the guidelines prescribed by RBI. On sale, the assets are derecognised from the books. If the sale proceeds are lower than the net book value (NBV) (i.e., book value less provisions held), the shortfall is charged to the Statement of Profit and Loss in the year of sale. In case of sale other than in cash, if the sale proceeds are higher than the NBV, the excess provision is written back in the year the amounts are received, as required by the RBI.

(i) Income on Security Receipts (SRs) are recognised only after the full redemption of the entire principal amount of SRs.

(j) Income from collection and support services is recognised as per the terms of the respective contract on accrual basis.

(k) Income from power generation is recognised based on the units generated as per the terms of the respective power purchase agreements with the respective State Electricity Boards.

(l) Income from dividend is accounted for on receipt basis.

(m) All other items of income are accounted for on accrual basis.

(v) Provision for non-performing assets ('NPA') and doubtful debts

Non-performing assets ('NPA') including loans and advances, receivables are identified as sub-standard / doubtful based on the tenor of default. The tenor is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning and meets the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

All contracts which as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from previously written off contracts are included in "Other Income".

(vi) Fixed assets, intangible assets and capital work-in-progress

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long-term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

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

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

(vii) Depreciation and amortisation

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

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

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

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

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

Desktops	6 years
Laptops / Hand Held Device	4 years

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

(viii) Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(ix) Investments

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

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

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

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

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

(f) Investment in Security Receipts (SRs) is recognised at lower of: (i) Net Book Value (NBV) (i.e., book value less provisions held) of the financial asset; and (ii) estimated redemption value of SRs at the end of each reporting period, as prescribed by RBI. Accordingly, in cases where the SRs issued by the Securitisation Company / Asset Reconstruction Company (SC/ARC) are limited to the actual realisation of the underlying financial assets, the net asset value, obtained from the SC/ARC, is reckoned for valuation of such investments. The SRs outstanding and not redeemed as at the end of the resolution period are treated as loss assets and are fully provided for.

(x) Employee benefits

(a) Provident fund

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

(b) Gratuity

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

(c) Compensated absences

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

(xi) Employee Stock Compensation Cost

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

(xii) Taxes on income

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

(a) Current tax

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

(b) Deferred tax

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

(c) Minimum alternative tax

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

(xiii) Provision and contingencies

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

(a) Onerous contracts

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

(b) Contingencies

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

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

(xiv) Contingent liabilities and contingent assets

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

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

(xv) Derivative transactions

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

(xvi) Borrowing costs

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

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

(xvii) Operating leases

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

(xviii) Earnings per share

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

(xix) Cash and cash equivalents

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

(xx) Cash flow statement

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

For FY 2015-16

Note: 1

COMPANY OVERVIEW:

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

(i) Basis of preparation

(a) These financial statements have been prepared in compliance with Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the mandatory Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('the 2013 Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the 2013 Act (to the extent notified and applicable), the directions prescribed by the Reserve Bank of India ('RBI') for Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies, 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. The financial statements have been prepared under the historical cost convention and on accrual basis, unless otherwise stated. The financial statements are presented in Indian rupees rounded off to the nearest lac upto two decimal places.

(b) An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. In case of non-banking financial companies normal operating cycle is not determinable, and therefore operating cycle is considered as 12 months for classification of current and non-current assets and liabilities as required by Schedule III of the Companies Act, 2013.

(c) The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(ii) Use of estimates and judgements

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

(iii) Assets on finance

(a) Assets on finance include assets given on finance / loan and amounts paid for acquiring financial assets including non-performing assets (NPAs) from other Banks / Non Banking Financial Companies (NBFCs).

(b) Assets on finance represents amounts receivable under finance / loan agreements and are valued at net investment amount including installments due. The balance is net of amounts securitised / assigned.

(iv) Revenue recognition

(a) Interest / finance income from assets on finance / loan included in revenue from operations represents interest income arrived at based on Internal Rate of Return ('IRR') method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount of principal outstanding and the interest rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation as per RBI Guidelines.

(b) **Income on direct assignment / securitisation** :

The Company enters into arrangements for sale of loan receivables through direct assignment / securitisation. The said assets are de-recognised upon transfer of significant risks and rewards to the purchaser and on meeting the true sale criteria.

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

The Company recognises gain / excess interest spread on direct assignment / securitisation transactions in line with RBI circular "Revisions to the Guidelines on Securitisation Transactions" issued on 21 August 2012. Accordingly, direct assignment / securitisation transactions effected post issuance of the said guidelines are accounted as under:

(i) Gain / income realised on direct assignment / securitisation of loan receivables arising under premium structure is recognised over the tenure of securities issued by Special Purpose Vehicle (SPV) / agreements. Loss, if any, is recognised upfront.

(ii) EIS under par structure of securitisation / direct assignment of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by SPV / agreements. Loss, if any, is recognised upfront.

(c) Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(d) Upfront income / expense pertaining to loan origination is amortised over the tenure of the underlying loan contracts.

(e) Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognised in the statement of profit and loss over the lease term in proportion to the recognition of lease income.

(f) Overdue interest is treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

(g) In respect of NPAs acquired, recoveries in excess of consideration paid is recognised as income in accordance with RBI guidelines.

(h) Income from power generation is recognised based on the units generated as per the terms of the respective power purchase agreements with the respective State Electricity Boards.

(i) Income from dividend is accounted for on receipt basis.

(j) All other items of income are accounted for on accrual basis.

(v) Provision for non-performing assets ('NPA') and doubtful debts

Non-performing assets ('NPA') including loans and advances, receivables are identified as sub-standard / doubtful based on the tenor of default. The tenor is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning and meets the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 prescribed by Reserve Bank of India vide circular dated 10 November 2014 on Revised Regulatory Framework for Non-Banking Finance Companies (NBFCs) and the related notification dated 27 March 2015 (collectively referred to as 'the framework'). These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

All contracts which as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from written off contracts are included in "Other Income".

(vi) Fixed assets, intangible assets and capital work-in-progress

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long-term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

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

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

(vii) Depreciation and amortisation

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

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

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

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

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

Desktops	6 years
Laptops / Hand Held Device	4 years

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

(viii) Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(ix) Investments

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

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

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

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

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

(x) Employee benefits

(a) Provident fund

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

(b) Gratuity

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

(c) Compensated absences

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

(xi) Employee Stock Compensation Cost

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

(xii) Taxes on income

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

(a) Current tax

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

(b) Deferred tax

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

(c) Minimum alternative tax

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

(xiii) Provision

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

(a) Onerous contracts

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

(b) Contingencies

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

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

(xiv) Contingent liabilities and contingent assets

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

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

(xv) Derivative transactions

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

(xvi) Borrowing costs

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

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

(xvii) Operating leases

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

(xviii) Earnings per share

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

(xix) Cash and cash equivalents

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

(xx) Cash flow statement

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

For FY 2014-15

Note: 1

COMPANY OVERVIEW:

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

Note: 2

SIGNIFICANT ACCOUNTING POLICIES:

(i) Basis of preparation

(a) These financial statements have been prepared in compliance with Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the mandatory Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('the 2013 Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the 2013 Act (to the extent notified and applicable), the directions prescribed by the Reserve Bank of India ('RBI') for Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies and the guidelines issued by the Securities and Exchange Board of India (SEBI) to the extent applicable. The financial statements have been prepared under the historical cost convention and on accrual basis, unless otherwise stated. The financial statements are presented in Indian rupees rounded off to the nearest lac upto two decimal places.

(b) An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. In case of non-banking financial companies normal operating cycle is not determinable, and therefore operating cycle is considered as 12 months for classification of current and non-current assets and liabilities as required by Schedule III of the Companies Act, 2013.

(c) The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(ii) Use of estimates and judgements

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

(iii) Assets on finance

(a) Assets on finance include assets given on finance / loan and amounts paid for acquiring financial assets including non-performing assets (NPAs) from other Banks / Non Banking Financial Companies (NBFCs).

(b) Assets on finance represents amounts receivable under finance / loan agreements and are valued at net investment amount including installments due. The balance is also net of amounts securitised / assigned.

(iv) Revenue recognition

(a) Interest / finance income from assets on finance / loan included in revenue from operations represents interest income arrived at based on Internal Rate of Return method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation.

(b) **Income on direct assignment / securitisation** :

The Company enters into arrangements for sale of loan receivables through direct assignment / securitisation. The said assets are de-recognised upon transfer of significant risks and rewards to the purchaser and on meeting the true sale criteria.

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

The Company recognises gain / excess interest spread on direct assignment / securitisation transactions in line with RBI circular "Revisions to the Guidelines on Securitisation Transactions" issued on 21 August 2012. Accordingly, direct assignment / securitisation transactions effected post issuance of the said guidelines are accounted as under:

(i) Gain / income realised on direct assignment / securitisation of loan receivables arising under premium structure is recognised over the tenure of securities issued by Special Purpose Vehicle (SPV) / agreements. Loss, if any, is recognised upfront.

(ii) EIS under par structure of securitisation / direct assignment of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by SPV / agreements. Loss, if any, is recognised upfront.

(c) Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(d) Upfront income / expense pertaining to loan origination is amortised over the tenure of the underlying loan contracts.

(e) Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognised in the statement of profit and loss over the lease term in proportion to the recognition of lease income.

(f) Overdue interest is treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

(g) In respect of NPAs acquired, recoveries in excess of consideration paid is recognised as income in accordance with RBI guidelines.

(h) Income from power generation is recognised based on the units generated as per the terms of the respective power purchase agreements with the respective State Electricity Boards.

(i) Income from dividend is accounted for on receipt basis.

(j) All other items of income are accounted for on accrual basis.

(v) Provision for non-performing assets ('NPA') and doubtful debts

Non-performing assets ('NPA') including loans and advances, receivables are identified as sub-standard / doubtful based on the tenor of default. The tenor is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning and meets the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 prescribed by Reserve Bank of India vide circular dated 10 November 2014 on Revised Regulatory Framework for Non-Banking Finance Companies (NBFCs) and the related notification dated 27 March 2015 (collectively referred to as 'the framework'). These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

All contracts which as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from written off contracts are included in "Other Income".

(vi) Fixed assets, intangible assets and capital work-in-progress

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long-term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

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

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

(vii) Depreciation and amortisation

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

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

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

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

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

Desktops	6 years
Laptops / Hand Held Device	4 years

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

(viii) Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(ix) Investments

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

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

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

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

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

(x) Employee benefits

(a) Provident fund

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

(b) Gratuity

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

(c) Compensated absences

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

(xi) Employee Stock Compensation Cost

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

(xii) Taxes on income

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

(a) Current tax

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

(b) Deferred tax

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

(c) Minimum alternative tax

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

(xiii) Provision

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

(a) Onerous contracts

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

(b) Contingencies

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

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

(xiv) Contingent liabilities and contingent assets

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

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

(xv) Derivative transactions

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

(xvi) Borrowing costs

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

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

(xvii) Operating leases

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

(xviii) Earnings per share

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

(xix) Cash and cash equivalents

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

(xx) Cash flow statement

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

For FY 2013-14

Note: 1

COMPANY OVERVIEW:

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

Note: 2

SIGNIFICANT ACCOUNTING POLICIES:

(i) Basis of preparation

(a) The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(b) The Company complies with the directions issued by the Reserve Bank of India (RBI) for Non-Banking Financial (Non-Deposit Accepting or Holding) Companies (NBFC-ND), relevant provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 and the applicable Accounting Standards prescribed by the Companies (Accounting Standard) Rules, 2006 issued by the Central Government of India and the guidelines issued by the Securities and Exchange Board of India (SEBI) to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest lac upto two decimal places.

(c) As required by Revised Schedule VI, the Company has classified assets and liabilities into current and non-current based on the operating cycle. An operating cycle is the time between the acquisition of assets and their realisation in cash or cash equivalents. Since in case of non-banking financial company normal operating cycle is not applicable, the operating cycle has been considered as 12 months.

(ii) Use of estimates and judgements

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

(iii) Assets on finance

(a) Assets on finance include assets given on finance / loan and amounts paid for acquiring financial assets including non-performing assets (NPAs) from other Banks / Non Banking Financial Companies (NBFCs).

(b) Assets on finance represents amounts receivable under finance / loan agreements and are valued at net investment amount including installments due. The balance is also net of amounts securitised / assigned.

(iv) Revenue recognition

(a) Interest / finance income from assets on finance / loan included in revenue from operations represents interest income arrived at based on Internal Rate of Return method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation.

(b) **Income on direct assignment / securitisation** :

The Company enters into arrangements for sale of loan receivables through direct assignment / securitisation. The said assets are de-recognised upon transfer of significant risks and rewards to the purchaser and on meeting the true sale criteria.

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

The Company recognises gain / excess interest spread on direct assignment / securitisation transactions in line with RBI circular "Revisions to the Guidelines on Securitisation Transactions" issued on 21 August 2012. Prior to the issuance of circular, the Company used to follow Accounting Standard (AS) 1 on 'Disclosure of Accounting Policies', which requires recognition of income on accrual basis.

Accordingly, direct assignment / securitisation transactions effected post issuance of the said guidelines are accounted as under:

(a) Gain / income realised on direct assignment / securitisation of loan receivables arising under premium structure is recognised over the tenure of securities issued by Special Purpose Vehicle (SPV) / agreements. Loss, if any, is recognised upfront.

(b) EIS under par structure of securitisation / direct assignment of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by SPV / agreements. Loss, if any, is recognised upfront.

(c) Upfront direct income (net) of direct costs pertaining to loan origination is amortised over the tenure of the underlying loan contracts.

(d) Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognised in the statement of profit and loss over the lease term in proportion to the recognition of lease income.

(e) Overdue interest is treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

(f) In respect of NPAs acquired, recoveries in excess of consideration paid is recognised as income in accordance with RBI guidelines.

(g) Income from power generation is recognised based on the units generated as per the terms of the respective power purchase agreements with the respective State Electricity Boards.

(h) Income from dividend is accounted for on receipt basis.

(i) All other items of income are accounted for on accrual basis.

(v) Provision for non-performing assets ('NPA') and doubtful debts

Non-performing assets ('NPA') including loans and advances, receivables are identified as bad / doubtful based on the duration of the delinquency. The duration is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning and meets the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended and prescribed by Reserve Bank of India from time to time. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

The Company classifies non-performing assets at 4 months (120 days) and commences provisioning based on the draft RBI guidelines released on 12 December 2012. The provisioning norm adopted is summarised in the table below:

Asset Classification	**Arrear Period**	**Provision as per current RBI norms for NBFCs**		**Provision / write-off policy followed by the Company**	
		Secured	**Un-Secured**	**Secured**	**Un-Secured**
Standard	Less than 4 months	0.25%	0.25%	0.30%	0.30%
Sub-standard	> 4 months to 6 months	0.25%	0.25%	15%	25%
	> 6 months to 16 months	10%	10%	15%	25%
Doubtful	> 16 months to 24 months	10%	10%	25%	100%
	> 24 months to 28 months	20%	100%	25%	100%
	> 28 months to 36 months	20%	100%	40%	100%
	> 36 months to 52 months	30%	100%	40%	100%
	> 52 months to 60 months	30%	100%	100%	100%
	> 60 months	50%	100%	100%	100%
Loss		100%	100%	100%	100%

All contracts with overdues for more than 52 months as well as those which, as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts.

The aforesaid provisioning policy followed by the Company is more stringent than the applicable guidelines prescribed by the Reserve Bank of India.

(vi) Fixed assets, intangible assets and capital work-in-progress

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long-term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

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

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

(vii) Depreciation and amortisation

Depreciation on fixed assets, including assets on operating lease is provided using the straight line method at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

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

Depreciation on vehicles given on operating lease is provided on straight line method at rates based on tenure of the underlying lease contracts.

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

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

(viii) Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(ix) Investments

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

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

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

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

(x) Employee benefits

(a) Provident fund

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

(b) Gratuity

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

(c) Compensated absences

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

(xi) Employee stock option schemes

The excess of the market price of shares, at the date of grant of options under the Employee Stock Option Schemes of the Company, over the exercise price is regarded as employee compensation, and recognised on a straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

(xii) Taxes on income

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

(a) Current tax

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

(b) Deferred tax

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

(c) Minimum alternative tax

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

(xiii) Provision

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

(a) Onerous contracts

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

(b) Contingencies

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

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

(xiv) Contingent liabilities and contingent assets

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

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

(xv) Derivative transactions

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

(xvi) Borrowing costs

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

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

(xvii) Operating leases

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

(xviii) Earnings per share

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

In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduces profit / loss per share are included.

(xix) Cash and cash equivalents

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

(xx) Cash flow statement

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

(₹ in Lacs)

		As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 3						
SHARE CAPITAL						
Authorised						
1,265,000,000	(2017:265,000,000) (2016, 2015, 2014: 265,000,000) Equity shares of ₹ 2/- each	25,300.00	5,300.00	5,300.00	5,300.00	5,300.00
58,300,000	(2017: 54,300,000) (2016, 2015, 2014: 54,300,000) Preference shares of ₹ 100/- each	58,300.00	54,300.00	54,300.00	54,300.00	54,300.00
		83,600.00	**59,600.00**	**59,600.00**	**59,600.00**	**59,600.00**
Issued, subscribed and paid-up						
Equity share capital						
237,028,672	(2017: 236,959,672), (2016: 236,828,672), (2015: 190,425,875), (2014:190,119,975) Equity shares of ₹ 2/- each, fully paid up.	4,740.57	4,739.19	4,736.57	3,808.52	3,802.40
Preference share capital						
-	(2014: 2,109,199) 9.70% Cumulative non-convertible redeemable preference shares of ₹ 100 each (paid-up value per share reduced to ₹ NIL on redemption of five annual installments of ₹ 20 each per share). Allotted at par on 17 February 2006 and redeemable at par in five equal annual installments starting at the end of 5 years from the date of allotment i.e. 17 February 2011 till all the preference shares are redeemed which is at the end of 9th year from the date of allotment i.e. 17 February 2015.	-	-	-	-	421.84
-	(2016, 2015, 2014: 6,500,999) 6 months US Dollar Libor plus 3.25% Cumulative non-convertible redeemable preference shares of ₹100 each (paid-up value per share reduced to ₹ Nil on redemption of fifth and final annual installments of ₹ 20/- each per share). Allotted at par on 26 March 2007 and redeemable at par in US Dollar over five equal annual installments of US Dollar 3 million each, for the first time on 1 April 2012 until all preference shares are redeemed i.e. 1 April 2016.	-	-	1,300.20	2,600.40	3,900.60
-	(2015, 2014: 1,000,000) 9.60% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up. Allotted at par on 19 June 2010 and redeemed at the end of 5 years i.e. 19 June 2015 along with a redemption premium equal to 25% of the consideration.	-	-	-	1,000.00	1,000.00
-	(2015, 2014: 2,500,000) 12.00% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up. Allotted at par on 30 June 2010 and redeemed at par at the end of 5 years i.e. 30 June 2015.	-	-	-	2,500.00	2,500.00
-	(2015, 2014: 3,600,000) 11.00% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up. Allotted at par on 12 November 2012 and redeemed at par at the end of 3 years i.e. 11 November 2015.	-	-	-	3,600.00	3,600.00
		4,740.57	**4,739.19**	**6,036.77**	**13,508.92**	**15,224.84**

(₹ in Lacs)

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

	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Equity shares										
Opening balance	236,959,672	4,739.19	236,828,672	4,736.57	190,425,875	3,808.52	190,119,975	3,802.40	189,956,775	3,799.14
Equity shares issued during the year vide preferential issue	-		-	-	46,296,297	925.92	-	-	-	-
Equity shares issued on exercise of ESOPs during the year	69,000	1.38	131,000	2.62	106,500	2.13	305,900	6.12	163,200	3.26
Closing balance	**237,028,672**	**4,740.57**	**236,959,672**	**4,739.19**	**236,828,672**	**4,736.57**	**190,425,875**	**3,808.52**	**190,119,975**	**3,802.40**
Preference shares (Cumulative non-convertible redeemable)										
Opening balance	-	-	6,500,999	1,300.20	13,600,999	9,700.40	15,710,198	11,422.44	18,710,198	16,144.48
6 months US Dollar Libor plus 3.25% preference shares redeemed during the year (20% annually)	-	-	(6,500,999)	(1,300.20)	-	(1,300.20)	-	(1,300.20)	-	(1,300.20)
9.60 % Preference shares redeemed during the year	-	-	-	-	(1,000,000)	(1,000.00)	-	-	-	-
12.00% Preference shares redeemed during the year	-	-	-	-	(2,500,000)	(2,500.00)	-	-	-	-
11.00% Preference shares issued /(redeemed) during the year	-	-	-	-	(3,600,000)	(3,600.00)	-	-	-	-
5.00% Preference shares redeemed during the year	-	-	-	-	-	-	-	-	(3,000,000)	(3,000.00)
9.70% Preference shares redeemed during the year (20% annually)	-	-	-	-	-	-	(2,109,199)	(421.84)	-	(421.84)
Closing balance	**-**	**-**	**-**	**-**	**6,500,999**	**1,300.20**	**13,600,999**	**9,700.40**	**15,710,198**	**11,422.44**

For FY 2017-18

Equity shares

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

The Company declares and pays dividend on equity shares in Indian rupees.

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, the Company has allotted on 10 May 2017 and 31 January 2018, 14,000 equity shares and 55,000 equity shares respectively of the face value of ₹ 2/- each to the eligible employees of the Company underEmployee 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 12 April 2018, the Company has allotted 3,22,58,064 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 26,92,86,736 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 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 alloted post 31 March 2018, pursuant to Qualified Institutional Placement (QIP) and ESOP scheme. Total dividend on 26,92,86,736 equity shares for the year ended 31 March 2018 would amount to ₹ 2,597.11 lacs including corporate dividend tax of ₹ 442.82 lacs, subject to approval of shareholders.

Preference shares

The Company declares and pays dividend on preference shares in both Indian rupees and foreign currencies.

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

For the financial year ended 31 March 2017, the Company has recommended dividend based on the 6 months US Dollar Libor applicable as on 30 December 2016 and closing exchange rate applicable as on 31 March 2017 and which was liable to vary depending on the actual date of payment of the dividend. Accordingly, the excess dividend and tax thereon of ₹ 0.90 lacs (2017: ₹ 2.50 lacs) has been provided with respect to above preference shares for the previous financial year ended 31 March 2017 in the current financial year.

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

For FY 2016-17

Equity shares

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

The Company declares and pays dividend on equity shares in Indian rupees.

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.

In terms of revised Accounting Standard (AS) 4 ‘Contingencies and Events occurring after the Balance Sheet date’ as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated dividend on shares on recommendation of the Board and would record the same as a liability on the date of approval by the shareholders at the ensuing Annual General Meeting. However, the proposed dividend as at 31 March 2016 was accounted for as liability in accordance with the then existing Accounting Standard.

During the year, the Company has allotted on 13 August 2016 and 08 February 2017, 90,000 equity shares and 26,000 equity shares respectively of the face value of ₹ 2/- each to the eligible employees of the Company and on 26 April 2016, 15,000 equity shares of the face value of ₹ 2/- each to an eligible ex-employee 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 236,959,672 equity shares of ₹ 2/- each aggregating to ₹ 4,739.19 lacs.

During the year ended 31 March 2017, 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. Total dividend on 236,959,672 equity shares for the year ended 31 March 2017 would amount to ₹ 2,281.59 lacs including corporate dividend tax of ₹ 385.92 lacs.

Preference shares

The Company declares and pays dividend on preference shares in both Indian rupees and foreign currencies.

6,500,999 cumulative non-convertible redeemable preference shares of ₹ 100/- each aggregating to ₹ 6,501.00 lacs (equivalent to USD 15 Million) allotted at par on 26 March 2007 are entitled to fixed dividend at the rate equivalent to 6 months US Dollar Libor applicable on the respective dates i.e. 30 December or 29 June depending upon the actual date of payment plus 3.25% on subscription amount of USD 15 Million.

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

In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated dividend on shares on recommendation of the Board and would record the same as a liability on the date of approval by the shareholders at the ensuing Annual General Meeting. However, the proposed dividend as at 31 March 2016 was accounted for as liability in accordance with the then existing Accounting Standard.

For the financial year ended 31 March 2016, the Company has provided for dividend in financial statements based on the 6 months US Dollar Libor applicable as on 30 December 2015 and closing exchange rate applicable as on 31 March 2016 and which was liable to vary depending on the actual date of payment of the dividend. Accordingly, the excess dividend and tax thereon of ₹ 2.50 lacs (2016: ₹ 7.30 lacs) provided with respect to above preference shares for the previous financial year ended 31 March 2016 has been adjusted in the current year with consequent impact on earnings per share for the year.

The Company has redeemed ₹ 1,300.20 lacs being fifth and final annual installment of ₹ 20/- per share in respect of 6,500,999 cumulative non-convertible redeemable preference shares of ₹ 100/- per share on 04 April 2016. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

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.

For FY 2015-16

Equity shares

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

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

During the year, the Board of Directors at their meeting held on 08 May 2015 allotted 4,62,96,297 equity shares at a price of ₹ 108/- each aggregating to ₹ 50,000 lacs, including a premium of ₹ 106/- per share to Zend Mauritius VC Investments, Ltd, Indium V (Mauritius) Holdings Limited, LeapFrog Financial Inclusion India Holdings Limited on preferential basis under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and Companies Act, 2013 read with relevant rules thereunder and other applicable provisions. 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 24 April 2015, 31 July 2015 and 8 February 2016, 30,000 equity shares, 29,000 equity shares and 47,500 equity shares respectively of the face value of ₹ 2/- each under Employee Stock Option Plan pursuant to SEBI (ESOS and ESPS) Guidelines, 1999 to the eligible employees of the Company. The company has also allotted on 26 April 2016, 15,000 equity shares of the face value of ₹ 2/- each under the said plan pursuant to SEBI (ESOS & ESPS) Guidelines, 1999 to an eligible ex-employee of the company. Consequent to these allotments, the total paid-up equity share capital of the Company stands increased to 236,843,672 equity shares of ₹ 2/- each aggregating to ₹ 4,736.87 lacs.

During the year ended 31 March 2016, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 0.80 (40%) per equity share of the face value of ₹ 2/- each. Total dividend appropriation on 23,68,43,672 equity shares for the year ended 31 March 2016 amounted to ₹ 2,280.48 lacs including corporate dividend tax of ₹ 385.73 lacs and on 4,63,26,297 equity shares for the year ended 31 March 2015 amounted to ₹ 446.06 lacs including corporate dividend tax of ₹ 75.45 lacs

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

Preference shares

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

The Company has redeemed ₹ 1,300.20 lacs being fourth installment of ₹ 20/- per share in respect of 6,500,999 cumulative non-convertible redeemable preference shares of ₹ 100/- per share during April 2015. The paid-up value as at 31 March 2016 of the above preference shares stands reduced to ₹ 20/- per share from ₹ 100/- per share. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

The Company has redeemed ₹ 1,000.00 lacs of 10,00,000 cumulative non-convertible redeemable preference shares of ₹ 100/- per share at ₹ 1,250 lacs including a redemption premium of ₹ 250.00 lacs during June 2015. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier year which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

The Company has redeemed ₹ 2,500.00 lacs of 25,00,000 cumulative non-convertible redeemable preference shares of ₹ 100/- per share at par during June 2015. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier year which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

The Company has redeemed ₹ 3,600.00 lacs of 36,00,000 cumulative non-convertible redeemable preference shares of ₹ 100/- per at par share during November 2015. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the current year which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

As per the terms of issue, the holders of the 6,500,999 cumulative non-convertible redeemable preference shares of ₹ 100/- each aggregating to ₹ 6,501.00 lacs (equivalent to USD 15 Million) allotted on 26 March 2007 are entitled to fixed dividend at the rate equivalent to 6 months US Dollar Libor applicable on the respective dates i.e. 30 December or 29 June depending upon the actual date of payment plus 3.25% on subscription amount of USD 15 Million.

Accordingly, the Company had provided dividend for the financial year ended 31 March 2015 in accounts based on the 6 months US Dollar Libor applicable as on 30 December 2014 and closing exchange rate applicable as on 31 March 2015 and which was liable to vary depending on the actual date of payment of the dividend. Accordingly, the excess dividend and tax thereon of ₹ 7.30 lacs (2015: ₹ 3.50 lacs) provided with respect to above preference shares for the previous financial year ended 31 March 2015 has been adjusted in the current year with consequent impact on earnings per share for the year.

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

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

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

(₹ in Lacs)

For FY 2014-15

Equity shares

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

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

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

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

The Board of Directors at their meeting held on 30 March 2015 approved issuance of 46,296,297 equity shares of the face value of ₹ 2/- each, at a price of ₹ 108/- each aggregating to ₹ 50,000 lacs, including a premium of ₹ 106/- per share to Zend Mauritius VC Investments, Limited, Indium V (Mauritius) Holdings Limited, Leapfrog Financial Inclusion India Holdings Limited on preferential basis under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and Companies Act, 2013 read with relevant rules thereunder and other applicable provisions, which was subsequently approved by the shareholders at the Extraordinary General Meeting held on 28 April 2015. Accordingly, the Board of Directors at their meeting held on 08 May 2015 allotted 46,296,297 equity shares to the above mentioned allottees. The total paid-up equity share capital of the Company stands increased to 236,722,172 equity shares of ₹ 2/- each aggregating to ₹ 4,734.44 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

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

Preference shares

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

The Company has redeemed ₹ 1,300.20 lacs being third installment of ₹ 20/- per share in respect of 6,500,999 cumulative non-convertible redeemable preference shares of ₹ 100/- per share during April 2014. The paid-up value as at 31 March 2015 of the above preference shares stands reduced to ₹ 40/- per share from ₹ 100/- per share. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

The Company has redeemed ₹ 421.84 lacs being fifth and final installment of ₹ 20/- per share in respect of 2,109,199 cumulative non-convertible redeemable preference shares of ₹ 100/- per share during February 2015. The paid-up value as at 31 March 2015 of the above preference shares stands reduced to ₹ Nil/- per share from ₹ 100/- per share. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

As per the terms of issue, the holders of the 6,500,999 cumulative non-convertible redeemable preference shares of ₹ 100/- each aggregating to ₹ 6,501.00 lacs (equivalent to USD 15 Million) allotted on 26 March 2007 are entitled to fixed dividend at the rate equivalent to 6 months US Dollar Libor applicable on the respective dates i.e. 30 December or 29 June depending upon the actual date of payment plus 3.25% on subscription amount of USD 15 Million.

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

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

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

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

For FY 2013-14

Equity shares

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

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

During the year ended 31 March 2013, the amount of per share dividend recognised as distribution to equity shareholders was Re.0.80 (40%) per equity share of the face value of ₹ 2/- each. Total dividend appropriation on equity shares for the year ended 31 March 2013 amounted to ₹ 1,777.93 lacs including corporate dividend tax of ₹ 258.27 lacs.

On 24 July 2013 and 6 December 2013, the Company has allotted, 1,29,800 and 33,400 equity shares respectively of the face value of ₹ 2/- each on preferential basis, under Magma Employee Stock Option Plan (MESOP) pursuant to SEBI (ESOS and ESPS) Guidelines, 1999 to eligible employees of the Company.

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

Preference shares

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

The Company has redeemed ₹ 1,300.20 lacs being second installment of ₹ 20/- per share in respect of 65,00,999 cumulative non-convertible redeemable preference shares of ₹ 100/- per share during April 2013. The paid-up value as at 31 March 2014 of the above preference shares stands reduced to ₹ 60/- per share from ₹ 100/- per share. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

The Company has redeemed 30,00,000 cumulative non-convertible redeemable preference shares of ₹ 100/- per share at a premium of 53% during August 2013 amounting to ₹ 4,590.00 lacs (including premium of ₹ 1,590.00 lacs) being full and final payment. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

The Company has redeemed ₹ 421.84 lacs being fourth installment of ₹ 20/- per share in respect of 21,09,199 cumulative non-convertible redeemable preference shares of ₹ 100/- per share during February 2014. The paid-up value as at 31 March 2014 of the above preference shares stands reduced to ₹ 20/- per share from ₹ 100/- per share. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

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

Accordingly, the Company had provided dividend for the financial year ended 31 March 2013 in accounts based on the 6 months US Dollar Libor applicable as on 30 December 2012 and closing exchange rate applicable as on 31 March 2013 and which was liable to vary depending on the actual date of payment of the dividend. Accordingly, the excess/ (deficit) dividend and tax thereon of (₹ 55.53 lacs) (2013: ₹ 22.97 lacs) provided with respect to above preference shares for the previous financial year ended 31 March 2013 has been adjusted in the current year with consequent impact on earnings per share for the year.

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

(₹ in Lacs)

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

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

Shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
	%	No. of shares	%	No. of shares	%	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	14.47	34,276,629	14.10	26,854,375	14.12	26,854,375
Microfirm Capital Private Limited	14.35	34,015,928	14.36	34,015,928	14.36	34,015,928	17.86	34,015,928	17.89	34,015,928
Celica Developers Private Limited	12.42	29,434,455	12.42	29,434,455	12.43	29,434,455	15.46	29,434,455	15.48	29,434,455
True North Fund V LLP (formerly known as India Value Fund V LLP)	11.92	28,255,524	11.92	28,255,524	-	-	-	-	-	-
India Capital Fund Limited	-	-	-	-	-	-	4.82	9,180,190	5.12	9,736,294
International Finance Corporation	9.70	23,000,000	9.71	23,000,000	9.71	23,000,000	12.08	23,000,000	12.1	23,000,000
Indium V (Mauritius) Holdings Limited	-	-	-	-	8.60	20,355,524	-	-	-	-
Lavender Investments Limited	7.95	18,851,431	7.96	18,851,431	7.96	18,851,431	9.90	18,851,431	9.63	18,301,431
LeapFrog Financial Inclusion India Holdings Limited	5.58	13,218,519	7.82	18,518,519	7.82	18,518,519	-	-	-	-
Preference shares (Cumulative non-convertible redeemable)										
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	-	-	-	-	100.00	6,500,999	47.80	6,500,999	54.81	8,610,198
Andhra Bank	-	-	-	-	-	-	11.03	1,500,000	9.55	1,500,000
United Bank of India	-	-	-	-	-	-	7.35	1,000,000	6.37	1,000,000
International Tractors Limited	-	-	-	-	-	-	7.35	1,000,000	6.37	1,000,000

Employee stock options

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

MESOP, 2007

Under MESOP, the Company provided for the creation and issue of 1,000,000 options, that would eventually convert into equity shares of ₹ 10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Board of Directors. The options generally vest in a graded manner over a five year period and are exercisable 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 5,15,000 options (2017: 1,25,000),(2016:Nil),(2015:20,000),(2014:4,00,000) under MESOP 2007 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

	Year ended 31 March 2018 No of Options	Year ended 31 March 2017 No of Options	Year ended 31 March 2016 No of Options	Year ended 31 March 2015 No of Options	Year ended 31 March 2014 No of Options
Outstanding options at the beginning of the year	214,000	287,500	636,500	1,342,400	1,112,900
Granted during the year	515,000	125,000	-	20,000	400,000
Exercised during the year	69,000	131,000	106,500	305,900	163,200
Lapsed during the year	-	67,500	242,500	420,000	7,300
Forfeited during the year	-	-	-	-	-
Outstanding options at the end of the year	**660,000**	**214,000**	**287,500**	**636,500**	**1,342,400**
Options vested and exercisable at the end of the year	10,000	59,000	130,000	96,500	267,400

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 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 (2017: Nil),(2016:2,50,000),(2015:6,50,000),(2014:Nil) under MRSOP 2014 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

	Year ended 31 March 2018 No of Options	Year ended 31 March 2017 No of Options	Year ended 31 March 2016 No of Options	Year ended 31 March 2015 No of Options	Year ended 31 March 2014 No of Options
Outstanding options at the beginning of the year	320,000	670,000	600,000	-	-
Granted during the year	300,000	-	250,000	650,000	-
Exercised during the year	-	-	-	-	-
Lapsed during the year	110,000	350,000	180,000	50,000	-
Forfeited during the year	-	-	-	-	-
Outstanding options at the end of the year	**510,000**	**320,000**	**670,000**	**600,000**	-
Options vested and exercisable at the end of the year	-	-	-	-	-

(₹ in Lacs)

	Units	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
The weighted average fair value of each option of Magma Fincorp Limited using the Black-Scholes model with the following assumptions are:		₹ 78.84	₹ 71.93	₹ 69.20	₹ 45.26	₹ 36.52
Grant date share price	₹	79.80 - 165.30	56.85 - 108.00	56.85 - 100.00	50.33 - 100.00	50.33 - 100.00
Exercise price	₹	2.00 - 120.00	2.00 - 60.00	2.00 - 60.00	2.00 - 60.00	36.00 - 60.00
Dividend yield	%	0.48 - 1.02	0.61 - 1.06	0.61 - 1.20	0.61 - 3.03	0.61 - 3.03
Expected life	years	3.84 - 5.21	4.42 - 4.80	4.16 - 4.80	4.30 - 4.80	4.80 - 6.50
Risk free interest rate	%	6.80 - 7.82	6.92 - 8.35	7.78 - 8.57	7.76 - 8.91	7.57 - 8.91
Volatility	%	42.00 - 49.99	42.00 - 58.13	41.83 - 58.13	42.78 - 73.94	45.06 - 73.94

Equity shares reserved for issue under options

	No. of options granted	Exercise price (₹)	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
			No. of options	Amount	No. of options	Amount	No. of options	Amount	No. of options	Amount	No. of options	Amount
Under MESOP 2007:												
Tranche I	1,754,000	36.00	-	-	-	-	-	-	14,000	0.28	192,400	3.85
Tranche II	250,000	60.00	-	-	40,000	0.80	127,500	2.55	152,500	3.05	250,000	5.00
Tranche III	50,000	60.00	-	-	-	-	15,000	0.30	35,000	0.70	50,000	1.00
Tranche IV	300,000	60.00	-	-	-	-	-	-	-	-	300,000	6.00
Tranche V	150,000	60.00	-	-	14,000	0.28	20,000	0.40	65,000	1.30	150,000	3.00
Tranche VI	50,000	60.00	20,000	0.40	35,000	0.70	50,000	1.00	50,000	1.00	50,000	1.00
Tranche VII	50,000	60.00	-	-	-	-	-	-	-	-	50,000	1.00
Tranche VIII	175,000	60.00	-	-	-	-	75,000	1.50	175,000	3.50	175,000	3.50
Tranche IX	125,000	60.00	-	-	-	-	-	-	125,000	2.50	125,000	2.50
Tranche X	20,000	60.00	-	-	-	-	-	-	20,000	0.40	-	-
Tranche XII	125,000	60.00	125,000	2.50	-	-	-	-	-	-	-	-
Tranche XIII	225,000	100.00	225,000	4.50	-	-	-	-	-	-	-	-
Tranche XIV	90,000	120.00	90,000	1.80	-	-	-	-	-	-	-	-
Tranche XV	75,000	120.00	75,000	1.50	-	-	-	-	-	-	-	-
Tranche XI	125,000	60.00	125,000	2.50	125,000	2.50	-	-	-	-	-	-
Under MRSOP 2014:												
Tranche I (A)	650,000	2.00	210,000	4.20	320,000	6.40	420,000	8.40	600,000	12.00	-	-
Tranche I (B)	250,000	2.00	-	-	-	-	250,000	5.00	-	-	-	-
Tranche I (C)	300,000	100.00	300,000	6.00	-	-	-	-	-	-	-	-

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

Had compensation cost been determined under the fair value approach described in the Guidance Note on, “Accounting for employee share based payments” issued by the Institute of Chartered Accountant of India ('ICAI'), the Company’s net profit and basic and diluted earnings per share would have reduced to the proforma amounts as indicated.

Particulars	**Unit**	**Year ended 31 March 2018**	**Year ended 31 March 2017**	**Year ended 31 March 2016**	**Year ended 31 March 2015**	**Year ended 31 March 2014**
Net profit for equity shareholders	₹ in Lacs	20,248.93	606.29	18,200.00	13,735.58	12,289.28
Stock-based employee compensation expense (intrinsic value method)	₹ in Lacs	50.08	(37.60)	230.82	3.06	63.02
Stock-based employee compensation expense (fair value method)	₹ in Lacs	81.42	16.75	(238.50)	4.55	139.53
Proforma net profit	₹ in Lacs	20,217.59	585.44	18,192.32	13,734.09	12,212.77
Basic earnings per share (Face value: ₹ 2/-) as reported	₹	8.54	0.26	7.84	7.22	6.47
Proforma basic earnings per share (Face value: ₹ 2/-)	₹	8.53	0.25	7.84	7.22	6.43
Diluted earnings per share (Face value: ₹ 2/-) as reported	₹	8.52	0.26	7.82	7.19	6.46
Proforma diluted earnings per share (Face value: ₹ 2/-)	₹	8.51	0.25	7.81	7.18	6.42

Annexure-V

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 4					
RESERVES AND SURPLUS					
Capital reserve					
Opening balance	457.98	457.98	457.98	457.98	457.98
Add:Adjusted on account of of amalgamation of Magma ITL Finance Limited"(MITL)" (Refer note 39)	22.24	-	-	-	-
	480.22	**457.98**	**457.98**	**457.98**	**457.98**
Capital redemption reserve	**1,421.84**	**1,421.84**	**1,421.84**	**1,421.84**	**1,421.84**
Securities premium reserve					
Opening balance	115,839.98	115,755.70	67,580.67	67,412.88	68,924.01
Add: On equity shares issued during the year vide preferential issue	-	-	49,074.07	-	-
Add: Adjustment on account of amalgamation Magma Advisory Services Limited "(MASL)" (Refer note 40)	16,333.33	-	-	-	-
Add: On equity shares issued on exercise of ESOPs during the year	48.59	84.28	79.70	167.79	78.87
Less: On preference share redeemed during the year	-	-	250.00	-	1,590.00
Less: Share issue expenses	-	-	728.74	-	-
	132,221.90	**115,839.98**	**115,755.70**	**67,580.67**	**67,412.88**
Employee share option outstanding					
Gross employee share compensation cost for options granted in earlier years	237.49	283.40	73.87	103.99	64.35
Less: Transferred to securities premium reserve on allotment of shares	8.57	8.31	21.29	33.18	23.38
Add: Deferred employee compensation cost	50.08	(37.60)	230.82	3.06	63.02
	279.00	**237.49**	**283.40**	**73.87**	**103.99**
Amalgamation reserve account	**106.48**	**106.48**	**106.48**	**106.48**	**106.48**
Statutory reserve					
(created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)					
Opening balance	21,990.00	21,860.00	18,110.00	15,120.00	12,368.15
Add: Adjusted on account of amalgamation of "MITL" (Refer note 39)	2,350.00	-	-	-	-
Add: Transfer from surplus in the statement of profit and loss	4,110.00	130.00	3,750.00	2,990.00	2,751.85
	28,450.00	**21,990.00**	**21,860.00**	**18,110.00**	**15,120.00**
General reserve					
Opening balance	11,390.00	11,390.00	9,510.00	8,100.00	6,734.50
Add: Transfer from surplus in the statement of profit and loss	13,832.22	-	1,880.00	1,502.40	1,365.50
Less: Adjusted on account of amalgamation of MASL (Refer note 40)	25,222.22	-	-	-	-
Less: Transferred to depreciation reserve [net of amount transferred to deferred tax liability ₹47.60 Lacs (Note-11)]	-	-	-	92.40	-
	-	**11,390.00**	**11,390.00**	**9,510.00**	**8,100.00**
Surplus (balance in the statement of profit and loss)					
Opening balance	47,606.42	47,129.24	37,285.78	29,876.14	23,483.66
Balance transfer on account of amalgamation of "MASL" (Refer note 40)	8.83	-	-	-	-
Balance transfer on account of amalgamation of "MITL" (Refer note 39)	4,301.01	-	-	-	-
Profit for the year	20,248.94	609.68	18,714.97	14,906.75	13,557.32
Amount available for appropriations	**72,165.20**	**47,738.92**	**56,000.75**	**44,782.89**	**37,040.98**

Annexure-V

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Appropriations					
Dividend on preference shares*	0.75	2.08	427.87	973.16	1,083.85
Tax on preference dividend as above*	0.15	0.42	87.10	198.01	184.19
Dividend on equity shares*#	1,895.79	-	2,265.36	1,523.41	1,520.96
Tax on equity dividend as above* #	385.94	-	461.18	310.13	258.49
Transfer to statutory reserve(as per Reserve Bank of India Act,1934)	4.110.00	130.00	3.750.00	2.990.00	2.751.85
Transfer to general reserve(as per National Housing Bank Act,1987)	13,832.22	-	1,880.00	1,502.40	1,365.50
	51,940.35	**47,606.42**	**47,129.24**	**37,285.78**	**29,876.14**
	214,899.79	**199,050.19**	**198,404.64**	**134,546.62**	**122,599.31**

For FY 2017-18

* In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated proposed dividend (including tax) on equity in the financial year ended 31 March 2018 and the same will be shown in the financial year ended 31 March 2019 post approval by shareholders in Annual General Meeting.

For FY 2016-17

* In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated proposed dividend (including tax) on equity in the financial year ended 31 March 2017.

Dividend for the year ended 31 March 2016 includes dividend on equity shares allotted post 31 March 2016 and tax thereon.

(₹ in Lacs)

	Security as per	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 5						
LONG-TERM BORROWINGS						
Debentures						
Secured						
Redeemable non-convertible debentures	(a)	19,500.00	5,500.00	48,500.00	79,750.00	103,610.00
		19,500.00	**5,500.00**	**48,500.00**	**79,750.00**	**103,610.00**
Unsecured						
Subordinated non-convertible perpetual debentures (Tier I capital)		13,410.00	13,310.00	11,250.00	10,550.00	10,550.00
Subordinated redeemable non-convertible debentures (Tier II capital)		59,000.00	78,030.00	77,430.00	77,930.00	74,350.00
Subordinated debts from banks (Tier II capital)		10,000.00	10,000.00	-	-	
		82,410.00	**101,340.00**	**88,680.00**	**88,480.00**	**84,900.00**
Term loan						
Secured *						
from banks	(b) and (c)	109,436.70	131,000.48	109,457.04	92,977.59	48,740.65
from others (financial institutions)	(b) and (c)	30.55	836.89	13,726.31	26,965.73	40,205.15
		109,467.25	**131,837.37**	**123,183.35**	**119,943.32**	**88,945.80**
		211,377.25	**238,677.37**	**260,363.35**	**288,173.32**	**277,455.80**
* Aggregate of loans guaranteed by Director (including current maturities)		263.60	796.50	1,329.40	1,862.30	2,395.20

Nature of security

(a) Debentures are secured by mortgage of Company's immovable property situated at (i) Village - Mehrun, Taluk and District - Jalgaon in the state of Maharastra, and (ii) Rajarhat, Kolkata in the state of West Bengal and are also secured against designated Assets on finance.The total assets cover is hundred percent or above of the principal amount of the said debenture.

(b) Term loans from Banks / Financial Institutions are secured by way of hypothecation of designated Assets on finance and future rentals receivable therefrom.

(c) Term loans related to wind mills owned by the Company are secured by means of mortgage of the wind mills, assignment of the related receivables, and a bank guarantee in favour of the lending institution alongwith personal guarantee of a Director.

Details of debentures

Terms of maturity of Secured redeemable non-convertible debentures (₹ in Lacs)

	Interest rate range					As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
Maturity schedule	**31 March 2018**	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**
>5 Years	9.00%	9.00%	-	-	-	10,000.00	-	5,000.00	-	-	-	-	-	-	-
3 - 5 Years	9.55%	9.55%	-	-	10.80%	500.00	-	500.00	-	-	-	-	-	20,000.00	-
1 - 3 Years	8.99% - 9.10%	-	9.63 % - 10.80%	9.50 % - 11.50%	9.50 % - 11.50%	9,000.00	-	-	-	48,500.00	-	79,750.00	-	83,610.00	-
0 - 1 Years	8.74%	9.63% - 10.80%	9.50 % - 11.50%	10.01 % - 11.20%	9.34 % - 11.25%	-	5,000.00	-	48,500.00	-	55,730.00	-	63,860.00	-	109,500.00
						19,500.00	**5,000.00**	**5,500.00**	**48,500.00**	**48,500.00**	**55,730.00**	**79,750.00**	**63,860.00**	**103,610.00**	**109,500.00**

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

Terms of maturity of Unsecured subordinated non-convertible perpetual debentures (Tier I capital) (₹ in Lacs)

	Interest rate range					As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
Maturity schedule	**31 March 2018**	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**
> 5 Years	11.00% - 12.10%	11.50% - 12.10%	12.00 % - 12.10%	12.00 % - 13.75%	12.00 % - 13.75%	7,910.00	-	7,810.00	-	5,750.00	-	10,550.00	-	10,550.00	-
3 - 5 Years	-	12.50%	12.50 % - 13.75%	-	-	-	-	2,500.00	-	5,500.00	-	-	-	-	-
1 - 3 Years	12.50% - 13.75%	13.50% - 13.75%	-	-	-	5,500.00	-	3,000.00	-	-	-	-	-	-	-
0 - 1 Years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
						13,410.00	**-**	**13,310.00**	**-**	**11,250.00**	**-**	**10,550.00**	**-**	**10,550.00**	**-**
Percentage of Tier I Capital						**6.88%**		**8.15%**		**6.35%**		**7.97%**		**8.28%**	

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

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

(₹ in Lacs)

Note 5 : Long-Term Borrowings (Contd.)

Terms of maturity of unsecured subordinated redeemable non-convertible debentures (Tier II capital)

	Interest rate range					As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
Maturity schedule	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	Long-term	Current maturities	Long-term	Current maturities	Long-term	Current maturities	Long-term	Current maturities	Long-term	Current maturities
> 5 Years	10.00% - 10.90%	10.25% - 11.50%	10.70 % - 11.50%	10.70 % - 11.50%	10.70 % - 11.50%	17,200.00	-	21,000.00	-	32,700.00	-	32,700.00	-	24,200.00	-
3 - 5 Years	10.30% - 11.50%	11.00% - 11.45%	11.00%	11.00 % - 11.75%	11.20 % - 12.00%	28,800.00	-	23,000.00	-	13,000.00	-	34,030.00	-	31,730.00	-
1 - 3 Years	11.00%	11.00% - 11.75%	11.20% - 12.00%	11.50% - 12.00%	11.50%	13,000.00	-	34,030.00	-	31,730.00	-	11,200.00	-	18,420.00	-
0 - 1 Years	11.20% - 11.75%	11.75% - 12.00%	11.50%	11.50%	13.00 % - 14.00%	-	21,030.00	-	10,700.00	-	500.00	-	17,920.00	-	4,000.00
						59,000.00	**21,030.00**	**78,030.00**	**10,700.00**	**77,430.00**	**500.00**	**77,930.00**	**17,920.00**	**74,350.00**	**4,000.00**

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

Terms of repayment of term loans (secured)

(₹ in Lacs)

	Interest rate range (p.a.)					As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
Maturity schedule	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	Long-term	Current maturities	Long-term	Current maturities	Long-term	Current maturities	Long-term	Current maturities	Long-term	Current maturities
> 5 Years	-	-	-	-	12.25%	-	-	-	-	-	-	-	-	30.55	-
3 - 5 Years	8.30%-12.00%	9.50% - 12.00%	9.85% - 12.25%	10.45% - 12.25%	10.45% - 12.25%	20,615.93	-	35,281.94	-	36,093.05	-	26,299.62	-	20,530.13	-
1 - 3 Years	8.30%-12.00%	9.50% - 12.25%	9.85% - 12.25%	10.45% - 12.25%	10.45% - 12.25%	88,851.32	-	96,555.43	-	87,090.30	-	93,643.70	-	68,385.12	-
0 - 1 Years	8.30%-12.00%	9.85% - 12.25%	9.85% - 12.25%	10.45% - 12.25%	10.60% - 12.25%	-	56,952.62	-	63,870.54	-	70,486.81	-	58,033.29	-	27,004.85
						109,467.25	**56,952.62**	**131,837.37**	**63,870.54**	**123,183.35**	**70,486.81**	**119,943.32**	**58,033.29**	**88,945.80**	**27,004.85**

The above

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

Terms of repayment of subordinated term loans (unsecured)

(₹ in Lacs)

	Interest rate range (p.a.)					As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
Maturity schedule	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	Long term	Current maturities	Long-term	Current maturities	Long-term	Current maturities	Long-term	Current maturities	Long-term	Current maturities
> 5 Years	10.10%	11.00%	-	-	-	1,666.67	-	10,000.00	-	-	-	-	-	-	-
3-5 Years	10.10%	-	-	-	-	8,333.33	-	-	-	-	-	-	-	-	-
						10,000.00	**-**	**10,000.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

Annexure-V

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 6					
LONG-TERM PROVISIONS					
Provision for employee benefits					
Provision for compensated absences	636.78	775.61	668.52	713.75	632.71
Other provisions					
Provision for non-performing assets [Note 35(m)]	26,795.72	15,859.20	26,585.79	17,140.86	10,838.04
Contingent provision against standard assets (Tier II capital)	2,370.00	1,900.00	1,890.00	1,940.00	1,680.00
	29,802.50	**18,534.81**	**29,144.31**	**19,794.61**	**13,150.75**

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 7					
SHORT-TERM BORROWINGS					
Commercial papers					
Unsecured					
Face value	55,000.00	51,000.00	59,000.00	50,000.00	42,700.00
Less: Unmatured discounting charges	780.01	815.37	1,466.41	448.49	480.21
	54,219.99	**50,184.63**	**57,533.59**	**49,551.51**	**42,219.79**
Loans from banks					
Secured*					
Cash credit facilities	216,156.85	107,151.13	205,378.24	144,854.24	153,287.67
Working capital demand loans	302,000.00	329,999.99	332,500.00	349,999.74	270,000.00
	518,156.85	**437,151.12**	**537,878.24**	**494,853.98**	**423,287.67**
	572,376.84	**487,335.75**	**595,411.83**	**544,405.49**	**465,507.46**
Aggregate of loans guaranteed by Director	-	-			

Details of unsecured commercial papers (₹ in Lacs)

Number of units	Face value (₹ in lacs)	Interest terms	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
11,000	5	Fixed	54,219.99	-	-	-	-
10,200	5	Fixed	-	50,184.63	-	-	-
11,800	5	Fixed	-	-	57,533.59	-	-
10,000	5	Fixed	-	-	-	49,551.51	-
8,540	5	Fixed	-	-	-	-	42,219.79
			54,219.99	**50,184.63**	**57,533.59**	**49,551.51**	**42,219.79**
The above commercial papers carry interest rates ranging hereas:			8.20% p.a to 8.38% p.a.	7.61 % p.a. to 8.95 % p.a.	8.95 % p.a. to 10.00 % p.a.	9.30 % p.a. to 9.65 % p.a.	9.00% to 10.45% p.a.
The above commercial papers carry maturity period ranging hereas:			2 Months to 3 Months	1 Months to 3 Months	3 Months to 8 Months	-	-

Details of cash credit facilities and working capital demand loans

The cash credit facilities are repayable on demand and carry interest rates ranging as shown.	8.70% p.a. to 12.10% p.a.	9.00% p.a. to 11.20% p.a.	9.25 % p.a. to 11.80% p.a.	9.6 % p.a. to 12.65 % p.a.	10.15 % to 12.75 % p.a.
Working capital demand loans are repayable on demand and carry interest rates ranging as shown.	8.15% p.a. to 9.25% p.a.	8.20% p.a. to 9.60% p.a.	9.55% p.a. to 10.00% p.a.	9.45 % p.a. to 10.50 % p.a.	10.00 % to 10.75 % 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.

The company has entered into a forward buy contract of US $ 78.13 Lacs (INR Rs.5,000.00Lacs). The said loan including the interest payable thereon has been fully hedged to INR liability. There is no un-hedged foreign currency exposure as on 31 March 2018.

*** Nature of security**

Cash credit facilities and working capital demand loans from Banks are secured by way of hypothecation of the Company's finance/loan assets, tangible moveable assets, plant and machinery,equipments,etc and future rental income therefrom and other current assets excluding those from real estate (expressly excluding those equipments, plant, machinery, spare parts,tangible moveable 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.

Annexure-V

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 8					
TRADE PAYABLES					
Due to micro and small enterprises *	-	-	-	-	-
Due to others	31,889.68	21,038.31	19,050.81	23,648.68	29,102.26
	31,889.68	**21,038.31**	**19,050.81**	**23,648.68**	**29,102.26**

* 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 2018 ,31 March 2017 , 31 March 2016, 31 March 2015 and 31 March 2014. This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, and has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 9					
OTHER CURRENT LIABILITIES					
Current maturities of long-term borrowings [Note 5]	82,955.62	123,070.54	126,716.81	139,813.29	140,504.85
Interest accrued but not due on borrowings	4,300.52	8,706.11	11,247.08	12,597.05	15,129.85
Unpaid dividend #	34.56	32.28	28.54	24.50	21.16
Unclaimed matured deposits and interest accrued thereon *	-	-	0.13	0.26	2.48
Other liabilities					
Temporary book overdraft	5,893.25	2,090.45	4,362.75	9,077.56	8,369.03
Advances and deposits from customers	6,170.48	6,476.09	6,868.59	6,655.43	6,419.18
Statutory liabilities	697.31	601.56	692.45	737.61	586.95
Director's commission	200.00	-	160.00	150.00	150.00
Pending remittance on assignment	19,358.27	22,695.91	23,835.09	30,868.04	31,381.28
Other payables	8,978.35	7,450.51	5,945.95	5,210.45	4,384.80
	128,588.36	**171,123.45**	**179,857.39**	**205,134.19**	**206,949.58**

There has been no delay in transfer of amounts required to be transferred to Investor Education and Protection Fund and balance would be credited as and when due.

* Represents liability transferred to and vested in the Company pursuant to the amalgamation of erstwhile Shrachi Infrastructure Finance Limited with the Company in the financial year 2006-07. The Company, in accordance with Reserve Bank of India directives, had transferred the entire outstanding amount together with interest to an escrow account. Unclaimed balance has been credited to Investor Education and Protection Fund.

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 10					
SHORT-TERM PROVISIONS					
Provision for employee benefits					
Provision for compensated absences	21.02	86.58	76.57	73.78	69.15
Other provisions					
Contingent provision against standard assets (Tier II capital)	1,540.00	1,340.00	1,280.00	1,180.00	1,150.00
Proposed dividend (including tax thereon) [Note 4]	-	-	2,788.15	3,001.21	3,103.02
Provision for taxation (net)	-	-	1,435.57	-	-
	1,561.02	**1,426.58**	**5,580.29**	**4,254.99**	**4,322.17**

Note: 11

FIXED ASSETS **Annexure-V**

Following are the changes in the carrying value of the fixed assets for the year ended 31 March 2018 (₹ in Lacs)

Description of assets	Gross block					Depreciation and amortisation					Net block
	As at 1 April 2017	Adjustment**	Additions	Deletions	**As at 31 March 2018**	As at 1 April 2017	Adjustment**	For the year	Deletions	**As at 31 March 2018**	**As at 31 March 2018**
Tangible Assets											
Fixed assets for own use											
Land ^	30.26	-	-	-	30.26	-	-	-	-	-	30.26
Buildings ^*	2,165.37	-	-	-	2,165.37	655.83	-	38.01	-	693.84	1,471.53
Wind mills ^	9,701.29	-	-	-	9,701.29	4,588.95	-	410.39	-	4,999.34	4,701.95
Furniture and fixtures	2,746.43	-	115.77	36.96	2,825.24	1,802.25	-	246.32	34.22	2,014.35	810.89
Vehicles	274.16	-	163.12	23.66	413.62	114.81	-	37.38	6.20	145.99	267.63
Office equipments	8,804.83	-	793.33	536.74	9,061.42	6,248.15	-	1,149.12	428.64	6,968.63	2,092.79
Leasehold improvements	3,497.32	-	258.93	32.87	3,723.38	2,246.03	-	302.02	26.31	2,521.74	1,201.64
Sub-total	**27,219.66**	**-**	**1,331.15**	**630.23**	**27,920.58**	**15,656.02**	**-**	**2,183.24**	**495.37**	**17,343.89**	**10,576.69**
Fixed assets on operating lease											
Buildings	11.00	-	-	-	**11.00**	2.40	-	0.18	-	**2.58**	**8.42**
Vehicles	9,510.04	-	3,159.95	3,796.18	**8,873.81**	2,766.97	-	1,948.31	1,599.67	**3,115.61**	**5,758.20**
Sub-total	**9,521.04**	**-**	**3,159.95**	**3,796.18**	**8,884.81**	**2,769.37**	**-**	**1,948.49**	**1,599.67**	**3,118.19**	**5,766.62**
Total	**36,740.70**	**-**	**4,491.10**	**4,426.41**	**36,805.39**	**18,425.39**	**-**	**4,131.73**	**2,095.04**	**20,462.08**	**16,343.31**
Intangible assets											
Fixed assets for own use											
Computer software	5,282.29	11.31	743.37	-	**6,036.97**	2,502.51	5.17	765.92	-	**3,273.60**	**2,763.37**
Business and commercial rights	800.00	-	-	-	**800.00**	800.00		-	-	**800.00**	**-**
Total	**6,082.29**	**11.31**	**743.37**	**-**	**6,836.97**	**3,302.51**	**5.17**	**765.92**	**-**	**4,073.60**	**2,763.37**
Grand total	**42,822.99**	**11.31**	**5,234.47**	**4,426.41**	**43,642.36**	**21,727.90**	**5.17**	**4,897.65**	**2,095.04**	**24,535.68**	**19,106.68**

* Registration of title for 3 buildings is pending.

** Refer Note 39.

^For details of movable / immovable property , plant and equipment hypothecated against borrwoings, refer Note 5

Note: 11

FIXED ASSETS **Annexure-V**

Following are the changes in the carrying value of the fixed assets for the year ended 31 March 2017 (₹ in Lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2016	Additions	Deletions	**As at 31 March 2017**	As at 1 April 2016	For the year	Deletions	**As at 31 March 2017**	**As at 31 March 2017**
Tangible Assets									
Fixed assets for own use									
Land ^	30.26	-	-	**30.26**	-	-	-	**-**	**30.26**
Buildings *^	2,165.37	-	-	**2,165.37**	617.82	38.01	-	**655.83**	**1,509.54**
Wind mills ^	9,701.29	-	-	**9,701.29**	4,178.56	410.39	-	**4,588.95**	**5,112.34**
Furniture and fixtures	2,630.81	186.12	70.50	**2,746.43**	1,573.92	283.78	55.45	**1,802.25**	**944.18**
Vehicles	272.14	37.00	34.98	**274.16**	106.17	28.98	20.34	**114.81**	**159.35**
Office equipments	8,544.88	532.53	272.58	**8,804.83**	5,251.73	1,237.41	240.99	**6,248.15**	**2,556.68**
Leasehold improvements	3,265.10	295.80	63.58	**3,497.32**	2,002.29	302.65	58.91	**2,246.03**	**1,251.29**
Sub-total	**26,609.85**	**1,051.45**	**441.64**	**27,219.66**	**13,730.49**	**2,301.22**	**375.69**	**15,656.02**	**11,563.64**
Fixed assets on operating lease									
Buildings	11.00	-	-	**11.00**	2.22	0.18	-	**2.40**	**8.60**
Vehicles	5,823.04	4,389.18	702.18	**9,510.04**	1,345.53	1,741.93	320.49	**2,766.97**	**6,743.07**
Sub-total	**5,834.04**	**4,389.18**	**702.18**	**9,521.04**	**1,347.75**	**1,742.11**	**320.49**	**2,769.37**	**6,751.67**
Total	**32,443.89**	**5,440.63**	**1,143.82**	**36,740.70**	**15,078.24**	**4,043.33**	**696.18**	**18,425.39**	**18,315.31**
Intangible assets									
Fixed assets for own use									
Computer software	4,504.10	778.19	-	**5,282.29**	1,717.18	785.33	-	**2,502.51**	**2,779.78**
Business and commercial rights	800.00	-	-	**800.00**	800.00	-	-	**800.00**	**-**
Total	**5,304.10**	**778.19**	**-**	**6,082.29**	**2,517.18**	**785.33**	**-**	**3,302.51**	**2,779.78**
Grand total	**37,747.99**	**6,218.82**	**1,143.82**	**42,822.99**	**17,595.42**	**4,828.66**	**696.18**	**21,727.90**	**21,095.09**

* Registration of title for 3 buildings is pending.

^For details of movable / immovable property , plant and equipment hypothecated against borrwoings, refer Note 5

Note: 11

FIXED ASSETS **Annexure-V**

Following are the changes in the carrying value of the fixed assets for the year ended 31 March 2016 (₹ in Lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2015	Additions	Deletions	**As at 31 March 2016**	As at 1 April 2015	For the year	Deletions	**As at 31 March 2016**	**As at 31 March 2016**
Tangible Assets									
Fixed assets for own use									
Land	30.26	-	-	**30.26**	-	-	-	**-**	**30.26**
Buildings *	3,497.37	-	1,332.00	**2,165.37**	1,154.62	55.40	592.20	**617.82**	**1,547.55**
Wind mills	9,701.29	-	-	**9,701.29**	3,766.96	411.60	-	**4,178.56**	**5,522.73**
Furniture and fixtures	2,605.79	70.14	45.12	**2,630.81**	1,323.46	275.95	25.49	**1,573.92**	**1,056.89**
Vehicles	304.71	59.88	92.45	**272.14**	147.80	32.10	73.73	**106.17**	**165.97**
Office equipments	7,879.39	825.37	159.88	**8,544.88**	4,185.81	1,214.91	148.99	**5,251.73**	**3,293.15**
Leasehold improvements	3,184.57	153.94	73.41	**3,265.10**	1,695.07	345.14	37.92	**2,002.29**	**1,262.81**
Sub-total	**27,203.38**	**1,109.33**	**1,702.86**	**26,609.85**	**12,273.72**	**2,335.10**	**878.33**	**13,730.49**	**12,879.36**
Fixed assets on operating lease									
Buildings	11.00	-	-	**11.00**	2.05	0.17	-	**2.22**	**8.78**
Vehicles	2,779.30	3,506.06	462.32	**5,823.04**	524.00	972.86	151.33	**1,345.53**	**4,477.51**
Sub-total	**2,790.30**	**3,506.06**	**462.32**	**5,834.04**	**526.05**	**973.03**	**151.33**	**1,347.75**	**4,486.29**
Total	**29,993.68**	**4,615.39**	**2,165.18**	**32,443.89**	**12,799.77**	**3,308.13**	**1,029.66**	**15,078.24**	**17,365.65**
Intangible assets									
Fixed assets for own use									
Computer software	3,432.22	1,071.88	-	**4,504.10**	1,090.87	626.31	-	**1,717.18**	**2,786.92**
Business and commercial rights	800.00	-	-	**800.00**	800.00	-	-	**800.00**	**-**
Total	**4,232.22**	**1,071.88**	**-**	**5,304.10**	**1,890.87**	**626.31**	**-**	**2,517.18**	**2,786.92**
Grand total	**34,225.90**	**5,687.27**	**2,165.18**	**37,747.99**	**14,690.64**	**3,934.44**	**1,029.66**	**17,595.42**	**20,152.57**

* Registration of title for 3 buildings is pending.

Note: 11

FIXED ASSETS **Annexure-V**

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

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

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

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

Note: 11

FIXED ASSETS **Annexure-V**

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

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

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

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 12					
NON-CURRENT INVESTMENTS					
Other investment (at cost) [Note 42]					
Investment in equity shares(Trade Investment)					
Quoted (fully paid-up of ₹ 10/- each)	-	1.12	1.12	8.31	8.31
Unquoted (fully paid-up of ₹ 10/- each)					
In subsidiaries	21,970.94	9,329.94	9,329.94	9,329.94	9,329.94
In joint ventures	6,302.20	6,302.20	6,302.20	2,602.20	2,602.20
In others	422.04	422.04	422.04	450.43	450.43
Investment in preference shares(Trade Investment)					
Unquoted (fully paid-up of ₹ 10/- each)					
In subsidiary	-	24,888.89	24,888.89	-	-
Investment in government securities(Non-Trade Investment)					
Unquoted (pledged with sales tax authorities)	0.16	0.16	0.16	0.16	0.16
Others(Non-Trade Investment)					
In pass through certificates *	6,028.54	4,924.70	2,274.28	4,589.19	10,081.86
In security receipts (of ₹ 1,000/- each)	6,002.16	7,416.47	-	-	-
	40,726.04	**53,285.52**	**43,218.63**	**16,980.23**	**22,472.90**
Aggregate provision for diminution in value of investments	-	(1.05)	(1.05)	(35.58)	(35.58)
	40,726.04	**53,284.47**	**43,217.58**	**16,944.65**	**22,437.32**
Aggregate book value of quoted investments	-	1.12	1.12	8.31	8.31
Aggregate market value of quoted investments	-	0.28	0.33	5.55	4.58
Aggregate book value of unquoted investments	40,726.04	53,284.40	43,217.51	16,971.92	22,464.59
* The Company has invested in the pass through certificates (PTCs) on the assets securitised by it, as Minimum Retention Ratio, as prescribed in the guidelines issued by Reserve Bank of India from time to time. Current portion of PTCs amounting has been included under 'Current Investments' [Note 16]. (₹ in lacs)	6,504.06	4,737.23	2,597.22	7,198.08	9,640.61

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 13					
DEFERRED TAX ASSETS / LIABILITIES (NET)					
Deferred tax assets					
Contingent provision against standard assets	1,366.31	1,121.30	1,097.07	1079.77	961.92
Provision for non-performing assets	9,540.06	5,661.59	9,315.71	6005.48	3,734.83
Unabsorbed depreciation and amortisation	-	3,585.25	-	-	-
Others	291.19	303.94	299.26	305.62	265.03
	11,197.56	10,672.08	10,712.04	7,390.87	4,961.78
Deferred tax liabilities					
Fixed assets	3,241.54	3,172.35	2,675.90	2,462.54	2,307.97
Unamortised expenses (net)	5,379.97	5,469.70	5,168.39	6,298.99	6,188.15
Others	49.00	58.36	104.88	94.75	121.40
	8,670.51	8,700.41	7,949.17	8,856.28	8,617.52
Deferred tax assets/(liabilities) (net)	**2,527.05**	**1,971.67**	**2,762.87**	**(1,465.41)**	**(3,655.74)**

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 14					
LONG-TERM LOANS AND ADVANCES					
Assets on finance# ^					
Secured, considered good*	541,886.65	504,951.84	608,962.07	625,004.85	549,648.09
Secured, considered doubtful*	47,908.63	19,930.03	48,768.95	26,830.43	6,966.03
Unsecured, considered good	87,602.79	80,833.20	81,876.88	65,880.02	41,603.72
	677,398.07	**605,715.07**	**739,607.90**	**717,715.30**	**598,217.84**
Others					
Unsecured, considered good					
Capital advances	15.26	118.61	12.36	20.26	14.07
Loans to staff	10.85	96.86	108.87	113.30	55.93
Loans and advances to related parties [Note 36]	163.05	10,063.05	1,669.34	179.60	4,661.28
Tax advances and deduction at source (net of provisions for taxes)	9,040.30	7,478.98	-	818.93	1,393.51
Security deposits	994.26	1,011.04	845.45	819.52	813.59
Other loans and advances					
Margin with body corporate	-	-	-	-	487.78
	10,223.72	**18,768.54**	**2,636.02**	**1,951.61**	**7,426.16**
Unsecured, considered doubtful					
Other loans and advances					
Advances recoverable in cash or kind or for value to be received	505.27	500.00	332.00	212.00	150.00
Less: Provision against loans and advances**	505.27	500.00	332.00	212.00	150.00
	-	**-**	**-**	**-**	**-**
	687,621.79	**624,483.61**	**742,243.92**	**719,666.91**	**605,644.00**
# Assets on finance includes sub-standard assets of (₹ in lacs)	53,712.43	69,754.07	76,304.58	56,174.63	48,949.38
^ Assets on finance is net of amounts securitised / assigned aggregating to (₹ in lacs)	316,818.15	362,064.98	365,056.97	588,139.24	616,924.19
**During the year , the company has created a provision towards other loans and advances (₹ in lacs)	5.27	168.00	120.00	62.00	40.00
**Accordingly, the balance of provision against other loans and advances (₹ in lacs)	505.27	500.00	332.00	212.00	150.00

* Secured by underlying assets financed

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 15					
OTHER NON-CURRENT ASSETS					
Others					
Non-current bank balances*^	2,312.37	8,629.25	705.74	326.27	4,941.41
Unamortised borrowings costs	1,302.01	1,567.64	1,134.06	1,595.15	1,680.00
Unamortised loan origination costs (net)	6,383.63	6,548.17	6,089.72	7,620.59	7,696.46
Gratuity (excess of plan assets over obligation)[Note 27]	140.22	168.63	303.05	273.77	357.15
	10,138.23	**16,913.69**	**8,232.57**	**9,815.78**	**14,675.02**
* Balances with banks held as security against borrowings, guarantees amounts to (₹ in lacs)	331.94	475.17	312.28	299.76	551.13
^Balances with banks held as cash collateral for securitisation / direct assignment of receivables amounts to (₹ in lacs)	1,980.43	8,154.08	378.00	26.51	4,390.28

Annexure-V
(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 16					
CURRENT INVESTMENTS					
Other investment [Note 42]					
Others (at cost) (Non-Trade investment)					
In pass through certificates [Note 12]	6,504.06	4,737.23	2,597.22	7,198.08	9,640.61
	6,504.06	**4,737.23**	**2,597.22**	**7,198.08**	**9,640.61**
Aggregate book value of unquoted investments	6,504.06	4,737.23	2,597.22	7,198.08	9,640.61

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 17					
TRADE RECEIVABLES					
Unsecured, considered good					
Debts outstanding for a period exceeding six months from the date they became due for payment	-	-	221.67	-	-
Other debts	371.89	643.21	485.30	752.11	1,550.52
	371.89	**643.21**	**706.97**	**752.11**	**1,550.52**

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 18					
CASH AND BANK BALANCES					
Cash and cash equivalents					
Cash in hand	4,025.76	5,433.09	6,420.70	5,689.50	5,944.62
Balances with banks					
In current and cash credit accounts	3,546.78	5,626.93	12,258.40	17,158.79	26,634.51
In deposits with original maturity of three months or less	1,697.69	1,624.27	1,530.36	150.38	-
	9,270.23	**12,684.29**	**20,209.46**	**22,998.67**	**32,579.13**
Other bank balances * # ^					
In unpaid dividend account	34.56	32.28	28.54	24.50	21.16
In deposits with original maturity of three months or less	232.65	522.00	-	6,029.71	3,096.91
In deposits with original maturity of more than three months to twelve months	14,362.73	9,373.04	12,737.98	20,784.37	24,136.53
Current maturities of deposits with original maturity of more than twelve months	13,567.33	4,637.50	3,069.98	6,757.92	9,708.62
	28,197.27	**14,564.82**	**15,836.50**	**33,596.50**	**36,963.22**
	37,467.50	**27,249.11**	**36,045.96**	**56,595.17**	**69,542.35**
* Balances with banks held as security against borrowings, guarantees amounts to (₹ in lacs).	2,287.55	2,058.83	1,800.43	2,591.31	2,313.18
# Balances with banks held as cash collateral for securitisation / direct assignment of receivables amounts to (₹ in lacs).	25,791.18	12,050.87	12,408.68	30,575.98	34,621.42
^ Fixed deposits accounts with more than twelve months maturity included under 'Other Non-Current Assets' [Note 15] amounting to (₹ in lacs)	2,312.37	8,629.25	705.74	326.27	4,941.41

Annexure-V
(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 19					
SHORT-TERM LOANS AND ADVANCES					
Asset on finance					
Secured, considered good*	268,076.72	266,964.02	328,812.52	314,411.82	317,781.35
Unsecured, considered good	108,493.19	109,926.12	92,081.24	69,590.77	57,443.52
	376,569.91	**376,890.14**	**420,893.76**	**384,002.59**	**375,224.87**
Others					
Unsecured, considered good					
Loan and advances to related parties [Note 36]	563.37	665.13	580.12	537.25	380.24
Other loans and advances					
Loans to staff	116.80	191.40	205.44	191.45	214.15
Advances recoverable in cash or kind or for value to be received	3,763.20	3,606.22	5,022.11	7,303.78	8,444.74
Prepaid expenses	789.14	640.72	731.16	606.70	614.96
Margin with body corporate	-	-	-	78.87	-
Balances with statutory / government authorities	912.87	1,040.12	1,158.36	1,603.65	1,896.95
	6,145.38	**6,143.59**	**7,697.19**	**10,321.70**	**11,551.04**
	382,715.29	**383,033.73**	**428,590.95**	**394,324.29**	**386,775.91**

* Secured by underlying assets financd

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 20					
OTHER CURRENT ASSETS					
Others					
Accrued interest / financial charges	210.60	221.29	176.48	211.66	317.32
Unamortised borrowings costs	1,068.28	1,050.07	989.57	1,253.45	1,807.97
Unamortised loan origination costs (net)	6,642.06	6,638.85	6,760.01	7,813.19	7,346.36
Others	28.69	54.73	186.27	16.01	21.28
	7,949.63	**7,964.94**	**8,112.33**	**9,294.31**	**9,492.93**

Annexure-V

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Note: 21					
REVENUE FROM OPERATIONS					
Interest / finance income					
On assets on finance	165,168.47	176,802.86	194,601.37	174,300.63	160,221.89
On securitisation	13,155.74	7,606.28	1,193.74	9,452.65	8,966.65
On pass through certificates	950.14	599.83	334.67	878.56	1,104.69
On fixed deposits	2,078.14	1,527.65	2,150.73	3,641.24	3,744.77
On loans and margins	1,275.66	1,966.65	924.20	1,731.70	1,918.34
	182,628.15	**188,503.27**	**199,204.71**	**190,004.78**	**175,956.34**
Other financial income					
Lease rentals	2,728.96	2,438.63	1,325.84	529.71	77.60
Collection and support services	1,682.10	1,879.72	3,406.74	7,524.77	5,770.73
Foreclosure charges	3,298.06	3,378.74	3,559.48	2,793.92	1,989.45
Income on non-convertible debenture	-	-	2,199.99	-	-
Management fees/Documentation Charges	6,061.66	397.88	-	-	-
Others	1,516.87	1,168.53	1,267.27	1,024.27	883.66
	15,287.65	**9,263.50**	**11,759.32**	**11,872.67**	**8,721.44**
	197,915.80	**197,766.77**	**210,964.03**	**201,877.45**	**184,677.78**

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Note: 22					
OTHER INCOME					
Sale of power	1,015.74	1,108.90	1,034.07	1,043.76	1,148.44
Insurance commission	1,289.36	816.57	1,037.40	1,116.35	924.84
Commission income	163.89	673.49	-	-	-
Gain on sale of fixed assets (net)	190.35	16.00	-	-	-
Gain on sale of investments (non-current, other than trade) (net)	1.50	-	5.08	-	
Rental income	2.56	2.61	2.63	2.67	2.67
Excess provision on investment written back	-	-	34.53	-	-
Delinquency Fund	918.64	576.98	378.91	-	-
Bad debt recovered	1,836.91	1,333.23	455.27	553.10	824.65
Miscellaneous income	376.14	378.87	3.63	1.92	6.44
	5,795.09	**4,906.65**	**2,951.52**	**2,717.80**	**2,907.04**

Annexure-V

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year Ended 31 March 2014
Note: 23					
EMPLOYEE BENEFITS EXPENSE					
Salaries and wages	29,728.75	20,841.95	22,425.46	26,827.98	19,492.94
Contribution to provident and other funds	1,377.46	1,387.52	1,027.08	1,213.16	767.37
Employee share based compensation expense	50.08	(37.91)	230.82	3.06	63.02
Staff welfare expenses	1,276.87	829.20	974.82	925.54	985.80
	32,433.16	**23,020.76**	**24,658.18**	**28,969.74**	**21,309.13**

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Note: 24					
FINANCE COSTS					
Interest expense					
On debentures	13,649.20	18,735.10	24,362.16	30,941.44	34,473.03
On term loans	18,906.27	21,412.79	17,651.39	16,791.91	12,873.98
On cash credit and working capital facilities	31,428.10	38,838.99	39,764.33	40,942.32	38,211.32
On others	201.79	100.64	11.43	17.02	165.75
Discount on commercial papers	10,530.18	11,098.65	14,007.05	13,087.60	15,205.34
Other borrowing costs	3,751.95	4,093.90	3,989.44	4,406.04	4,783.83
Mark-to-market (profit) / losses on derivative contracts [Note 35(c)]	-	(23.10)	23.10	(42.32)	(197.06)
	78,467.49	**94,256.97**	**99,808.90**	**106,144.01**	**105,516.19**

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Note: 25					
PROVISIONS AND BAD DEBTS WRITTEN-OFF					
Bad debts written-off	27,764.66	18,340.33	24,241.48	15,662.79	9,737.98
Net loss / (gain) on sale of non-performing assets *	-	19,308.12	-	-	-
Provision for non-	6,352.90	16,514.04	9,444.93	6,302.82	6,495.20
Contingent provision	520.00	70.00	50.00	290.00	(90.00)
	34,637.56	**54,232.49**	**33,736.41**	**22,255.61**	**16,143.18**
* Net of reversals of provision on sale of non-performing assets (₹ in lacs.)	-	27,240.62	-	-	-

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Note: 26					
OTHER EXPENSES					
Rent	1,775.58	1,530.02	1,644.00	1,686.86	1,546.05
Brokerage and commission	9,223.68	10,606.68	11,658.20	12,435.60	11,027.04
Rates and taxes	40.91	68.94	72.87	44.29	126.03
Insurance	51.73	117.55	107.48	110.42	122.76
Advertisement and publicity	232.69	269.47	351.25	473.37	703.41
Travelling and conveyance	2,021.51	1,864.50	2,236.32	2,459.65	1,990.38
Repairs and maintenance					
- machinery	263.39	254.79	227.10	220.97	212.49
- others	1,458.99	1,259.26	1,187.11	942.75	585.40
Payment to directors					
- fees	93.94	14.95	11.50	14.43	13.91
- commission	200.00	12.40	170.50	143.35	158.35
Professional fees	2,516.42	1,742.06	1,695.87	1,750.93	1,504.13
Legal charges	1,553.74	1,776.75	1,586.55	1,357.26	1,271.83
Outsourced Collection Charges	2,248.15	697.82	-	-	-
Printing and stationery	505.48	482.30	544.52	568.75	540.25
Communication	1,143.62	1,357.85	1,326.97	1,262.25	1,118.07
Electricity charges	661.75	649.18	608.28	660.74	684.89
Corporate social responsibility expenditure [Note 37]	376.04	374.07	283.99	30.95	15.47
Loss on sale of fixed assets (net)	-	-	2.30	52.53	17.63
Capital work in progress written-off	597.69	690.13	-	-	-
Miscellaneous expenses	1,335.36	1,495.01	1,465.72	2,048.57	1,824.60
	26,300.67	**25,263.73**	**25,180.53**	**26,263.67**	**23,462.69**

Annexure-V

(₹ in Lacs)

Note:

27 Employee benefits *

Gratuity benefit plan

The scheme is fully funded with Life Insurance Corporation of India (LIC). The following tables set out the status of the gratuity plan as required under Accounting Standard(AS) 15 (revised) on Employee Benefits.

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

Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Opening defined benefit obligation	1,707.33	1,324.19	1,277.33	952.71	862.62
Current service cost	244.87	239.74	187.46	179.89	178.47
Interest cost	110.99	95.80	91.54	79.00	66.30
Actuarial losses /(gains)	8.70	261.41	2.06	238.68	(27.04)
Benefits paid	(365.46)	(213.81)	(234.20)	(172.95)	(127.64)
Amalgamation of subsidiary	42.24	-	-	-	-
Closing defined benefit obligation	**1,748.67**	**1,707.33**	**1,324.19**	**1277.33**	**952.71**

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

Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Opening fair value of the plan assets	1,875.96	1,627.24	1,551.10	1,309.86	1,090.09
Expected return on plan assets	134.50	132.63	120.63	125.00	95.63
Contributions by employer	308.63	329.90	189.71	294.45	251.78
Actuarial (losses) / gains	(64.74)	-	-	(5.26)	-
Benefits paid	(365.46)	(213.81)	(234.20)	(172.95)	(127.64)
Closing fair value of the plan assets	**1,888.89**	**1,875.96**	**1,627.24**	**1,551.10**	**1,309.86**

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

Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Defined benefit obligation	(1,748.67)	(1,707.33)	(1,324.19)	(1,277.33)	(952.71)
Fair value of plan assets	1,888.89	1,875.96	1,627.24	1,551.10	1,309.86
Net asset	**140.22**	**168.63**	**303.05**	**273.77**	**357.15**

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

Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Current service cost	241.64	239.74	187.46	179.89	178.47
Interest on defined benefit obligation	110.99	95.80	91.54	79.00	66.3
Net actuarial losses / (gains) recognised	73.44	261.41	2.06	243.94	(27.04)
Expected return on plan assets	(134.50)	(132.63)	(120.63)	(125.00)	(95.63)
Net expense included in "Employee benefits expenses"	**291.57**	464.32	160.43	377.83	122.10

(e) Summary of actuarial assumptions

Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Discount rate	7.71%	7.28%	7.87%	7.89%	9.12%
Salary increase	5.00%	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	-	-	-	9.12%	8.30%
Withdrawal rate	4.20%	4.20%	4.20%	4.20%	-

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

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

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

(i) **Expected contribution for next year:** The expected contributions by employer for the next year is ₹ 308.63 lacs.

(j) **Mortality:** It is assumed that active members of the Scheme will experience in service mortality in accordance with the standard table Indian Assured Lives Mortality (2006-08) ultimate.

Note: Employee benefits * (Contd.)

For FY 2017-18

Annexure-V

(k) **Experience adjustments**

(₹ in Lacs)

Particulars	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
Present value of defined benefit obligation	(1,748.67)	(1,707.33)	(1,324.19)	(1,277.33)	(952.71)
Fair value of plan assets	1,888.89	1,875.96	1,627.24	1,551.10	1,309.86
Funded status [surplus/(deficit)]	140.22	168.63	303.05	273.77	357.15
Experience (gain)/loss adjustment on plan liabilities	99.30	140.70	(1.17)	60.94	67.87
Experience gain/(loss) adjustment on plan assets	(64.74)	-	-	(5.26)	-
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	(90.94)	120.71	3.23	177.74	(94.91)

For FY 2016-17

Experience adjustments

(₹ in Lacs)

Particulars	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Present value of defined benefit obligation	(1,707.33)	(1,324.19)	(1,277.33)	(952.71)	(862.62)
Fair value of plan assets	1,875.96	1,627.24	1,551.10	1,309.86	1,090.09
Funded status [surplus/(deficit)]	168.63	303.05	273.77	357.15	227.47
Experience (gain)/loss adjustment on plan liabilities	140.70	(1.17)	60.94	67.87	56.36
Experience gain/(loss) adjustment on plan assets	-	-	(5.26)	-	(6.57)
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	120.71	3.23	177.74	(94.91)	43.40

For FY 2015-16

Experience adjustments

(₹ in Lacs)

Particulars	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Present value of defined benefit obligation	(1,324.19)	(1,277.33)	(952.71)	(862.62)	(623.73)
Fair value of plan assets	1,627.24	1,551.10	1,309.86	1,090.09	864.39
Funded status [surplus/(deficit)]	303.05	273.77	357.15	227.47	240.66
Experience (gain)/loss adjustment on plan liabilities	(1.17)	60.94	67.87	56.36	40.78
Experience gain/(loss) adjustment on plan assets	-	(5.26)	-	(6.57)	(1.39)
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	3.23	177.74	(94.91)	43.40	(19.55)

Note: Employee benefits * (Contd.)

For FY 2014-15 **Annexure-V**

Experience adjustments (₹ in Lacs)

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

For FY 2013-14

Experience adjustments (₹ in Lacs)

Particulars	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**	**31 March 2010**
Present value of defined benefit obligation	(952.71)	(862.62)	(623.73)	(526.64)	(412.75)
Fair value of plan assets	1,309.86	1,090.09	864.39	700.46	539.96
Funded status [surplus/(deficit)]	357.15	227.47	240.66	173.82	127.21
Experience (gain)/loss adjustment on plan liabilities	67.87	56.36	40.78	-	(55.43)
Experience gain/(loss) adjustment on plan assets	-	(6.57)	(1.39)	-	0.64
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	(94.91)	43.40	(19.55)	173.82	(0.59)

Defined benefit plan

The contribution made to various statutory funds is recognized as expenses and included in Note 23 ‘Employee benefits expense’ under ‘Contribution to provident and other funds’ in Statement of Profit and Loss. The detail is as follows.

(₹ in Lacs)

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Provident and Pension Fund	1,085.89	923.20
Gratuity Fund	291.57	464.32
Contribution to provident and other funds	**1,377.46**	**1,387.52**

* Including actuarial valuation of MITL for financial year 2017-18

Annexure-V

28 Lease transactions in the capacity of Lessee

Lease rental expense under non-cancellable operating lease during the year amounted to ₹ 361.45 lacs(2017:₹32.32),(2016:₹26.10),(2015:₹159.18),(2014:₹191.10) lacs. Future minimum lease payments under non-cancellable operating lease is as below:

(₹ in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Not later than one year	376.13	39.64	21.53	24.91	93.81
Later than one year but not later than five years	393.09	37.51	34.78	-	3.43
Later than five years	-	-	-	-	-

Additionally, the Company uses the office facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year was ₹ 1,765.16 lacs (2017:₹1,983.14),(2016: ₹1,907.46),(2015:₹1,750.38),(2014:₹1,529.61 lacs). Above rental expense includes the cost allocated to the subsidiaries and joint ventures amounting to ₹ 351.03 lacs (2017:₹485.44),(2016:₹289.56),(2015:₹222.70 lacs)

29 Earnings per share (EPS)

Particulars			Units	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Basic and Diluted								
(a)	(i)	Weighted average number of equity shares (Face Value of ₹ 2/- per share) for basic EPS	Nos.	236,981,217	236,903,308	232,096,351	190,289,119	190,056,650
	(ii)	Weighted average number of equity shares for diluted EPS [after considering 6.36 lacs shares (2017 : 4.03 lacs, 2016: 7.43 lacs, 2015: 8.68 lacs, 2014: 2.17 lacs) resulting from assumed exercise of employee stock options and equity warrants]	Nos.	237,616,802	237,306,305	232,839,048	191,157,516	190,273,412
(b)		Net profit after tax	₹ in Lacs	20,248.94	609.68	18,714.97	14,906.75	13,557.32
(c)		Less : Preference dividend including tax thereon	₹ in Lacs	0.01	3.39	514.97	1,171.17	1,268.04
(d)	(i)	Net profit for equity shareholders for basic EPS	₹ in Lacs	20,248.93	606.29	18,200.00	13,735.58	12,289.28
	(ii)	Net profit for equity shareholders for diluted EPS	₹ in Lacs	20,248.93	606.29	18,200.00	13,735.58	12,289.28
(e)	(i)	Earning per share (face value of ₹ 2/- per share) – Basic	₹	8.54	0.26	7.84	7.22	6.47
	(ii)	Earning per share (face value of ₹ 2/- per share) – Diluted	₹	8.52	0.26	7.82	7.19	6.46

30 Contingent liabilities and commitments (to the extent not provided for)

(a) Contingent liabilities

(₹ in Lacs)

Particulars			As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
1		**Claims against the Company not acknowledged as debt**					
	(i)	Income tax matters under dispute	265.52	292.96	314.29	13.61	4.48
	(ii)	VAT matters under dispute	321.46	240.49	242.33	191.16	248.79
	(iii)	Service tax matters under dispute	431.29	292.37	115.00	115.00	115.00
	(iv)	Legal cases against the Company *	123.96	116.32	325.61	183.29	255.88
2		**Guarantees**					
	(i)	Recourse obligation in respect of securitised assets [net of cash collaterals of ₹ Nil (2014: ₹ 1,746.00 lacs)]	-	-	-	-	2,617.33
	(ii)	Unexpired bank guarantee	35,763.88	28,098.46	21,096.24	40,154.22	42,630.34

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

(b) Commitments

(₹ in Lacs)

Particulars		As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for	909.39	872.54	574.08	399.81	333.43
(ii)	Redemption of preference shares (including premium)	-	-	1,300.20	9,950.40	11,672.44

(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. At the year end, the Company has reviewed and ensured that adequate provision required under any law/accounting standard/RBI regulation for mterial foreseeable losses on such long term contracts has been made in the books of account.

For FY 2017-18

31 (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 letter seeking refund of balance amount of ₹ 311 lacs from 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 and had been granted stay order on the same. The case was transferred to Hon'ble Supreme Court and has since been remanded to Hon'ble High Court of Calcutta and is yet to be finally disposed off. In view of this, the Company had not provided for any liability against fringe benefit tax in the earlier years. In terms of Finance Act, 2009, Fringe Benefit Tax has been withdrawn effective 01 April 2009.

For FY 2016-17

(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. There were multiple hearings for the case in the CESTAT and High Court of Calcutta on this matter. Finally, the Honorary Bench of CESTAT in its order dated 28 March 2016 have remanded the matter back to the Commissioner. There is no outstanding demand as of now. The Company has filed an appeal before the High Court of Calcutta and the matter is yet to be finally disposed off.

(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 and had been granted stay order on the same. The case was transferred to Hon'ble Supreme Court and has since been remanded to Hon'ble High Court of Calcutta and is yet to be finally disposed off. In view of this, the Company had not provided for any liability against fringe benefit tax in the earlier years. In terms of Finance Act, 2009, Fringe Benefit Tax has been withdrawn effective 01 April 2009.

For FY 2015-16

(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 has been paid which has been 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. There were multiple hearings for the case in the CESTAT and High Court of Kolkata on this matter. Finally, the Honorary Bench of CESTAT in its order dated 28 March 2016 have remanded the matter back to the Commissioner to examine the nature of the transactions and to make a fresh decision on the taxability of the transactions under consideration. There is no outstanding demand as of now. The Company is planning to file an appeal before the High Court of Kolkata.

(b) Commissioner of service tax had issued a show cause notice dated 7 April 2008 in respect of the financial years 2002-03 to 2005-06 in the matter of erstwhile Shrachi Infrastructure Finance Limited which was merged with the Company with effect from 1 April 2006. The matter was decided by the Commissioner of service tax vide Order dated 24 September 2009, confirming the service tax liability at ₹ 83 lacs plus interest and penalty. The Company had made payment of ₹ 68 lacs in the financial year 2010-11 against the said Order and charged the same to the statement of profit and loss. Simultaneously, the Company had preferred an appeal against the impugned Order of Commissioner of service tax in CESTAT, Kolkata which have stayed the balance of the demand amounting to ₹ 15 lacs. The said amount of ₹ 15 lacs has been shown as a contingent liability.

(c) Commissioner of service tax had issued another show cause notice dated 4 April 2008 in respect of the financial years 2002-03 to 2005-06 in the matter of erstwhile Shrachi Infrastructure Finance Limited which was merged with the Company with effect from 1 April 2006. The matter was decided by the Commissioner of service tax vide Order dated 24 September 2009, confirming the service tax liability at ₹ 125 lacs plus interest and penalty. The Company had preferred an appeal against the impugned Order of Commissioner of service tax before CESTAT, Kolkata. In course of hearing at CESTAT, the Company made a payment of ₹ 25 lacs as pre-deposit in financial year 2011-12 which had been charged to the statement of profit and loss. CESTAT, Kolkata has stayed the balance of the demand amounting to ₹ 100 lacs. The said amount of ₹ 100 lacs has been shown as a contingent liability.

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

For FY 2014-15

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

(b) Commissioner of service tax had issued a show cause notice dated 7 April 2008 in respect of the financial years 2002-03 to 2005-06 in the matter of erstwhile Shrachi Infrastructure Finance Limited which was merged with the Company with effect from 1 April 2006. The matter was decided by the Commissioner of service tax vide Order dated 24 September 2009, confirming the service tax liability at ₹ 83 lacs plus interest and penalty. The Company had made payment of ₹ 68 lacs in the financial years 2010-11 against the said Order and charged the same to the statement of profit and loss. Simultaneously, the Company had preferred an appeal against the impugned Order of Commissioner of service tax in CESTAT, Kolkata which have stayed the balance of the demand amounting to ₹ 15 lacs. The said amount of ₹ 15 lacs has been shown as a contingent liability.

(c) Commissioner of service tax had issued another show cause notice dated 4 April 2008 in respect of the financial years 2002-03 to 2005-06 in the matter of erstwhile Shrachi Infrastructure Finance Limited which was merged with the Company with effect from 1 April 2006. The matter was decided by the Commissioner of service tax vide Order dated 24 September 2009, confirming the service tax liability at ₹ 125 lacs plus interest and penalty. The Company had preferred an appeal against the impugned Order of Commissioner of service tax before CESTAT, Kolkata. In course of hearing at CESTAT the Company made a payment of ₹ 25 lacs as pre-deposit in financial year 2011-12 which had been charged to the statement of profit and loss. CESTAT, Kolkata has stayed the balance of the demand amounting to ₹ 100 lacs. The said amount of ₹ 100 lacs has been shown as a contingent liability.

Note 31 (Contd.) **Annexure-V**

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

For FY 2013-14

(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 Rs.464 lacs plus interest and penalty. The Company had made payment of Rs.304 lacs in financial year 2010-11 in relation to the said Order and charged the same to the statement of profit and loss. Simultaneously, the Company had preferred an appeal against the Order of Commissioner of Service Tax at the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Kolkata. The service tax department had also preferred an appeal against the said Order of the Commissioner with CESTAT, Kolkata. In course of hearing at CESTAT the Company made a further payment of Rs.100 lacs as pre-deposit in financial year 2011-12 which had been charged to the statement of profit and loss. Vide its Order dated 21 March 2012 the Hon'ble CESTAT has set aside the impugned Order of the Commissioner of Service Tax Kolkata and has passed an Order remanding the matter to the Commissioner of Service Tax, Kolkata for a revised assessment. Further the Company has filed a writ petition before the Hon'ble High Court of Calcutta against the impugned order of CESTAT. The Hon'ble High Court of Calcutta has admitted our writ and set aside and quashed the impugned order. The Hon'ble High Court vide it's order has mentioned that Tribunal shall decide the Appeal afresh in accordance with law expeditiously. Now the matter is pending before CESTAT, Kolkata.

(b) Commissioner of service tax had issued a show cause notice dated 7 April 2008 in respect of the financial years 2002-03 to 2005-06 in the matter of erstwhile Shrachi Infrastructure Finance Limited which was merged with the Company with effect from 1 April 2006. The matter was decided by the Commissioner of service tax vide Order dated 24 September 2009, confirming the service tax liability at Rs.83 lacs plus interest and penalty. The Company had made payment of Rs.68 lacs in the financial years 2010-11 against the said Order and charged the same to the statement of profit and loss. Simultaneously, the Company had preferred an appeal against the impugned Order of Commissioner of service tax in CESTAT, Kolkata which have stayed the balance of the demand amounting to Rs.15 lacs. The said amount of Rs.15 lacs has been shown as a contingent liability.

(c) Commissioner of service tax had issued another show cause notice dated 4 April 2008 in respect of the financial years 2002-03 to 2005-06 in the matter of erstwhile Shrachi Infrastructure Finance Limited which was merged with the Company with effect from 1 April 2006. The matter was decided by the Commissioner of service tax vide Order dated 24 September 2009, confirming the service tax liability at Rs.125 lacs plus interest and penalty. The Company had preferred an appeal against the impugned Order of Commissioner of service tax before CESTAT, Kolkata. In course of hearing at CESTAT the Company made a payment of Rs. 25 lacs as pre-deposit in financial year 2011-12 which had been charged to the statement of profit and loss. CESTAT, Kolkata has stayed the balance of the demand amounting to Rs.100 lacs. The said amount of Rs.100 lacs has been shown as a contingent liability.

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

32 Payments to auditors (included in Professional fees) (₹ in Lacs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Audit fees	36.00	36.00	36.00	32.00	30.00
Limited review of quarterly results	30.00	30.00	24.00	21.00	21.00
Other services	7.90	2.45	-	-	1.00
Reimbursement of expenses	8.22	8.23	8.69	9.92	12.31
Total	**82.12**	**76.68**	**68.69**	**62.92**	**64.31**

For FY 2017-18

Annexure-V

33 Loans and advances to subsidiary Company

(₹ in Lacs)

Name of the Subsidiary	Maximum Outstanding	As at 31 March 2018
Magma ITL Finance Limited *	14,900.00	-
[a subsidiary]	(15,000.00)	(9,900.00)

*Above loans & advances have been given for general business purposes and figures are considered upto 30 September 2017.[Refer Note 36 & 39]

Previous year's figures are stated in brackets.

For FY 2016-17

33 Loans and advances to subsidiary Company

(₹ in Lacs)

Name of the Subsidiary	Maximum Outstanding	As at 31 March 2017
Magma ITL Finance Limited	15,000.00	9,900.00
[a subsidiary]	(11,500.00)	(1,500.00)

Previous year's figures are stated in brackets.

For FY 2015-16

33 Loans and advances to subsidiary Company

(₹ in Lacs)

Name of the Subsidiary	Maximum Outstanding	As at 31 March 2016
Magma ITL Finance Limited	11,500.00	1,500.00
[a subsidiary]	(9,500.00)	(-)

Previous year's figures are stated in brackets.

For FY 2014-15

33 Loans and advances to subsidiary Company

(₹ in Lacs)

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

Previous year's figures are stated in brackets.

For FY 2013-14

33 Loans and advances to subsidiary Company

(₹ in Lacs)

Name of the Subsidiary	Maximum Outstanding	As at 31 March 2014
Magma ITL Finance Limited	16,500.00	4,500.00
[a subsidiary]	(15,300.00)	(2,600.00)

Previous year's figures are stated in brackets.

34 Additional notes **Annexure-V**

(a) C.I.F. value of imports of goods acquired for asset financing arrangements ₹ Nil (2017, 2016, 2015: ₹ Nil, 2014: ₹ 132.66 lacs).

(b) Earnings in foreign currency ₹ Nil (2017, 2016, 2015, 2014: ₹ Nil).

(c) Expenditure in foreign currency on account of professional fees, travelling and others ₹ 78.29 lacs (2017: ₹ 80.58 lacs, 2016: ₹ 71.82 lacs, 2015: ₹ 76.54 lacs, 2014: ₹ 57.58 lacs).

(d) Dividend remitted in foreign currency (₹ in Lacs)

Particulars	**Paid in 31 March 2018**	**Paid in 31 March 2017**	**Paid in 31 March 2016**	**Paid in 31 March 2015**	**Paid in 31 March 2014**
Preference shares					
Financial year to which the dividend relates	2016-17	2015-16	2014-15	2013-14	2012-13
Number of shareholder	1	1	1	1	1
Number of shares held	65,00,999	8,610,198	8,610,198	8,610,198	8,610,198
Amount remitted (₹ lacs)	0.75	87.02	184.24	290.93	402.31

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014

(a) Capital (₹ in Lacs)

Particulars	**As at 31 March 2018**	**As at 31 March 2017**	**As at 31 March 2016**	**As at 31 March 2015**	**As at 31 March 2014**
(i) CRAR (%)	20.7	20.4	18.7	16.3	16.6
(ii) CRAR -Tier I Capital (%)	17.3	15.4	14.6	11.1	11.5
(iii) CRAR -Tier II Capital (%)	3.4	5.0	4.1	5.2	5.1
(iv) Amount of subordinated debt raised as Tier-II capital	90,030.0	98,730.0	77,930.0	95,850.0	78,350.0
(v) Amount raised by issue of Perpetual Debt Instruments	13,410.0	13,310.0	11,250.0	10,550.0	10,550.0

(b) Investments (₹ in Lacs)

Particulars	**As at 31 March 2018**	**As at 31 March 2017**	**As at 31 March 2016**	**As at 31 March 2015**	**As at 31 March 2014**
1 Value of Investments					
(i) Gross Value of Investments					
(a) In India	47,230.10	58,022.75	45,815.85	24,178.31	32,113.51
(b) Outside India	-	-	-	-	-
(ii) Provisions for Depreciation					
(a) In India	-	1.05	1.05	35.58	35.58
(b) Outside India	-	-	-	-	-
(iii) Net Value of Investments					
(a) In India	47,230.10	58,021.70	45,814.80	24,142.73	32,077.93
(b) Outside India	-	-	-	-	-
2 Movement of provisions held towards depreciation on investments					
(i) Opening balance	1.05	1.05	35.58	35.58	35.58
(ii) Add : Provisions made during the year	-	-	-	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	1.05	-	34.53	-	-
(iv) Closing balance	-	1.05	1.05	35.58	35.58

35 (c) Derivative

1 Forward Rate Agreement / Interest rate Swap (₹ in Lacs)

Particulars	**As at 31 March 2018**	**As at 31 March 2017**	**As at 31 March 2016**	**As at 31 March 2015**	**As at 31 March 2014**
(i) The notional principal of swap agreements	-	-	1,300.20	2,600.40	3,900.60
(ii) Loss which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-	176.70	353.40	530.10
(iii) Collateral required by the NBFC upon entering into swaps	-	-	-	-	-
(iv) Concentration of credit risk arising from the swaps	-	-	-	-	-
(v) The fair value of swap book loss	-	-	23.10	-	42.32

The Company does not have any gain/loss for year ended 31 March 2018 (2017: gain Rs 23.10 lacs),(2016: loss Rs 23.10 lacs),(2015: gain Rs 42.32 lacs),(2014: gain Rs 197.06 lacs) relating to derivative financial instrument.

The Company does not have any exposure to exchange traded interest rate (IR) derivatives as at 31 March 2018 , 31 March 2017 , 31 March 2016 , 31 March 2015 and 31 March 2014.

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Contd.)

For FY 2017-18 **Annexure-V**

2 Disclosures on risk exposure in derivatives

Qualitative disclosure

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

Quantitative Disclosures

Particulars	Currency Derivative	Interest Rate Derivative
(i) Derivatives (Notional Principal Amount) : For Hedging	5,000.00	-
(ii) Marked to Market Positions		
(a) Asset (+)	-	-
(b) Liability (-)	-	-
(iii) Credit Exposure	5,000.00	-
(iv) Unhedged Exposures	-	-

For FY 2016-17

2 Disclosures on risk exposure in derivatives

Qualitative disclosure

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

Quantitative Disclosures

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

For FY 2015-16

2 Disclosures on risk exposure in derivatives

Qualitative disclosure

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

Quantitative Disclosures

Particulars	Currency Derivative	Interest Rate Derivative
(i) Derivatives (Notional Principal Amount) : For Hedging	1,300.20	-
(ii) Marked to Market Positions		
(a) Asset (+)	-	-
(b) Liability (-)	23.10	-
(iii) Credit Exposure	-	-
(iv) Unhedged Exposures	-	-

For FY 2014-15

2 Disclosures on risk exposure in derivatives

Qualitative disclosure

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

Quantitative Disclosures

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

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Contd.)

(d) Disclosures relating to Securitisation

Annexure-V

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

(₹ in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
1 No. of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions *	40	23	20	31	26
2 Total amount of securitised assets as per books of the SPVs sponsored	2,51,002.20	226,105.01	106,426.01	213,371.40	324,842.16
3 Total amount of the exposures retained by the NBFC to comply with MRR as on the date of balance sheet					
a) Off-balance sheet exposures					
First loss	-	-	-	-	-
Others	-	-	-	-	-
b) On-balance sheet exposures					
First loss	25,758.61	19,622.76	11,153.68	21,315.76	18,288.33
Others	12,532.60	9,661.93	4,871.50	11,787.27	19,722.47
4 Amount of exposures to securitisation transactions other than MRR					
a) Off-balance sheet exposures					
'(i) Exposure to own securitisation					
First loss	-	-	-	-	-
Others	36,723.55	27,359.26	17,273.86	28,315.35	23,129.35
(ii) Exposure to third party securitisations					
First loss	-	-	-	-	-
Others	-	-	-	-	-
b) On-balance sheet exposures					
(i) Exposure to own securitisation					
First loss	-	-	-	-	-
Others	23,306.75	22,100.02	12,519.54	18,922.94	28,230.04
(ii) Exposure to third party securitisations					
First loss	-	-	-	-	-
Others	-	-	-	-	-

* Only the SPVs relating to outstanding securitisation transactions are reported here.

The above figures are being reported based on certificate issued by the auditors of the SPV, as required by revised guidelines on transfer of assets through securitisation.

(ii) Accounting for Excess Interest Spread (EIS)

The Company recognises EIS on securitisation transactions in line with RBI circular "Revisions to the Guidelines on Securitisation Transactions" issued on 21 August 2012 which requires recognition of EIS only when redeemed in cash. Accordingly, the gross income on securitisation aggregating to ₹ 810.30 lacs for the year ended 31 March 2018 (2017: ₹ 1,290.58, 2016: ₹ 3,287.54, 2015: ₹ 2,498.16, 2014: ₹ 7,292.85 lacs) has not been recognised.

(iii) The value of "excess interest spread receivable" and "unrealised gain" on securitisation transactions undertaken in terms of guidelines on securitisation transaction issued by Reserve Bank of India on 21 August 2012 is given below:

Particulars	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
1 Excess interest spread receivable	5,373.06	11,277.11	5,527.21	10,480.73	3,324.11	5,866.35	4,475.80	9,082.96	8,232.96	12,821.59
2 Unrealised gain on securitisation transactions	5,373.06	11,277.11	5,527.21	10,480.73	3,324.11	5,866.35	4,475.80	9,082.96	8,232.96	12,821.59

(iv) Additional income tax on income distributed by Securitisation Trusts

In the Finance Act, 2013, a provision was introduced w.e.f. 01 June 2013 in respect of 'Tax on Distributed Income by Securitisation Trusts' ('SDT'). The income so received was exempt in the hands of the Company. However the said provision has been withdrawn in Finance Act, 2016 w.e.f 01 June 2016. During the year, the income amounting to ₹ Nil (2017: ₹ 1,261.88 lacs, 2016: ₹ 4,330.67 lacs, 2015: ₹ 10,030.69 lacs, 2014: ₹ 5,302.98 lacs) has been received by the Company as an investor after withholding SDT of ₹ Nil lacs (2017: ₹ 436.71 lacs, 2016: ₹ 1,495.33 lacs, 2015: ₹ 3,409.43 lacs, 2014: ₹ 1,802.48 lacs).

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Contd.)

Annexure-V

2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ in Lacs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
(i) No. of accounts	-	4,672	-	-	-
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	14,083.46	-	-	-
(iii) Aggregate consideration	-	8,898.82	-	-	-
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-	-	-	-
(v) Aggregate gain / (loss) over net book value (NBV) *	-	(5,533.52)	-	-	-

* Provision of ₹ 348.88 lacs (2017:₹ 348.88 lacs) has not been reversed on account of non-performing assets sold during the financial year ended 31 March 2017 where the sale value is higher than the NBV.

3 Details of the net book value of investments in security receipts:

(₹ in Lacs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
(i) Backed by non-performing assets sold by the Company as underlying	6,002.16	7,416.47	-	-	-
(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	**6,002.16**	**7,416.47**	**-**	**-**	**-**

4 Details of Assignment transactions undertaken by NBFCs

(₹ in Lacs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
(i) No. of accounts	7,821	1,601	20,264.00	73,278.00	90,810.00
(ii) Aggregate value (net of provisions) of accounts sold	23,202.11	35,253.75	93,852.10	298,674.50	227,842.00
(iii) Aggregate consideration	23,202.11	35,253.75	93,852.10	298,734.93	227,842.00
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-	-	-	-
(v) Aggregate gain / loss over net book value	-	-	-	60.43	-

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 2018 , 31 March 2017 , 31 March 2016 , 31 March 2015 and 31 March 2014

b) Details of Non-performing Financial Assets sold:

(₹ in Lacs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
(i) No. of accounts sold	-	19,415	-	1,313	-
(ii) Aggregate outstanding *	-	17,674.60	-	5,159.08	-
(iii) Aggregate consideration received	-	3,900.00	-	5,005.78	-

* net of provisions

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Contd.)

For FY 2017-18 **Annexure-V**

(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	3,440.57	1,325.42	728.49	9,196.22	15,169.70	2,000.73	311.64	-	32,172.77
Advances	64,754.86	29,758.81	34,462.28	87,144.97	165,805.23	445,441.75	151,119.10	91,850.07	1,070,337.07
Investments	568.08	567.65	591.30	1,802.52	2,974.51	5,592.46	6,438.24	28,695.34	47,230.10
Borrowings*	29,709.06	54,963.29	50,252.10	58,315.39	129,066.88	330,315.51	132,542.98	81,544.49	866,709.70
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* Cash credit and working capital demand loan from banks are usually for a period of 1 year. As per the prevalent practice, these facilities are renewed on a year to year basis and therefore, are revolving in nature. Accordingly, repayments of cash credit borrowings and working capital demand loans from banks aggregating ₹ 5,18,156.85 lacs has been distributed over the same period as the maturity pattern of assets on finance. Borrowings includes ₹ 82,955.62 lacs, which has been disclosed as 'Current maturities of long term borrowings' [Note 9].

For FY 2016-17

(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	2,472.08	0.50	1,403.24	1,750.02	10,530.97	8,317.61	311.64	-	24,786.06
Advances	70,099.65	29,217.87	33,626.83	88,130.45	161,318.23	401,833.36	144,648.97	78,642.00	1,007,517.34
Investments	370.81	378.80	419.45	1,339.71	2,228.46	4,622.95	301.75	48,359.77	58,021.70
Borrowings*	48,088.65	20,638.54	99,220.86	62,095.42	110,886.32	304,008.09	125,633.80	78,511.98	849,083.66
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* Cash credit and working capital demand loan from banks are usually for a period of 1 year. As per the prevalent practice, these facilities are renewed on a year to year basis and therefore, are revolving in nature. Accordingly, repayments of cash credit borrowings and working capital demand loans from banks aggregating ₹ 4,37,151.12 lacs has been distributed over the same period as the maturity pattern of assets on finance. Borrowings includes ₹ 1,23,070.54 lacs, which has been disclosed as 'Current maturities of long term borrowings' [Note 9].

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Contd.)

Annexure-V

For FY 2015-16

(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	2,205.36	1,440.38	2,558.73	4,192.07	6,941.78	705.74	-	-	18,044.06
Advances	80,832.97	33,310.69	35,831.18	97,242.60	180,642.35	447,329.74	150,956.89	144,688.45	1,170,834.87
Investments	186.67	185.46	244.97	801.20	1,178.92	2,109.81	164.47	40,943.30	45,814.80
Borrowings*	41,995.82	20,563.69	97,470.74	62,335.20	156,964.04	374,128.27	124,557.03	104,477.20	982,491.99
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* Cash credit and Working capital demand loan borrowings from banks are usually for a period of 1 year. As per the prevalent practice, these facilities are renewed on a year to year basis and therefore, are revolving in nature. Accordingly, repayments of cash credit borrowings and working capital demand loans from banks aggregating ₹ 5,37,878.24 lacs has been distributed over the same period as the maturity pattern of assets on finance. Borrowings includes ₹ 1,26,716.81 lacs, which has been disclosed as 'Current maturities of long term borrowings' [Note 9].

For FY 2014-15

(e) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (₹ in Lacs)

	1day to 30/31days (1 month)	Over 1 Months upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Years to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Deposits taken	-	-	-	-	-	-	-	-	-
Advances	81,294.22	29,766.62	32,315.88	85,859.36	165,088.20	457,825.22	153,114.96	108,726.74	1,113,991.20
Investments	641.75	625.45	694.19	2,023.61	3,213.08	4,371.64	217.54	12,355.47	24,142.73
Borrowings**	90,332.09	21,553.91	43,067.10	77,599.49	129,293.05	388,893.69	129,566.44	92,086.34	972,392.10
Foreign currency assets		-	-	-	-	-	-	-	-
Foreign currency liabilities		-	-	15,000.00*	-	-	-	-	15,000.00

* Equivalent to USD 241.24 lacs.

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Contd.)

Annexure-V

** Cash credit borrowings from banks are usually for a period of 1 year. As per the prevalent practice, these facilities are renewed on a year to year basis and therefore, are revolving in nature. Accordingly, repayments of cash credit borrowings and working capital demand loans from banks aggregating ₹ 494,853.98 lacs has been distributed over the same period as the maturity pattern of assets on finance. Borrowings includes ₹ 139,813.29 lacs, which has been disclosed as 'Current maturities of long term borrowings'[Note 9]

For FY 2013-14

(e) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (₹ in Lacs)

	1day to 30/31days (1 month)	Over 1 Months upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Years to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Liabilities									
Borrowings from Banks	44,489.66	12,830.06	16,742.18	36,619.52	70,245.23	237,170.01	92,052.88	41,344.21	551,493.75
Market Borrowings	3,124.00	57,272.42	10,133.23	30,809.86	63,619.72	111,908.88	39,225.70	15,880.55	331,974.36
Assets									
Advances	104,992.35	25,047.56	27,350.09	75,558.36	144,093.93	424,565.67	137,900.08	52,911.86	992,419.91
Investments	772.43	802.89	868.40	2,547.37	4,649.52	9,566.48	515.38	12,355.46	32,077.93
Cash & Bank	35,245.44	744.59	3,175.23	7,571.11	22,805.98	4,641.65	299.58	0.18	74,483.76

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Contd.)

(f) Exposures **Annexure-V**

1 Exposure to real estate sector

(₹ in Lacs)

Category	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
(i) Direct exposure					
A. Residential mortgages	52,165.39	62,592.35	91,920.81	77,265.29	49,472.25
B. Commercial real estate	14,058.44	19,495.27	33,987.44	32,799.62	13,444.52
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures*					
a. Residential	-	-	-	-	-
b. Commercial Real Estate	2,158.28	4,325.77	-	-	-
(ii) Indirect Exposure					
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-	-	-	-

* Includes investments in Security Receipts. Breakup of residential and commercial real estate is not available and hence, entire amount shown in commercial real estate.

2 Exposure to Capital Market

(₹ in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	1.12	1.12	8.31	8.31
Total Exposure to Capital Market	**-**	1.12	1.12	8.31	8.31

3 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the prudential exposure limits during the financial year ended 31 March 2018 , 31 March 2017 , 31 March 2016 , 31 March 2015 and 31 March 2014.

4 Unsecured advances

(₹ in Lacs)

Particulars	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
	Non-Current	Current maturities	Non-Current	Current maturities	Non-Current	Current maturities	Non-Current *	Current maturities	Non-Current	Current maturities
1 Unsecured Advances	87,602.79	108,493.19	80,833.20	109,926.12	81,876.88	92,081.24	65,880.02	69,590.77	41,603.72	57,443.52

The Company has not given any unsecured advances against intangible securities such as charge over the rights, licenses, authority, etc. during the financial year ended 31 March 2018 , 31 March 2017 , 31 March 2016 , 31 March 2015 and 31 March 2014.

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Contd.)

(g) Registration obtained from other financial sector regulators. **Annexure-V**

	Regulator	Registration no.	Date of registration / renewal
1	Ministry of Corporate Affairs	L51504WB1978PLC031813	18 December 1978
2	Insurance Regulatory and Development Authority (2018, 2017,2016)	CA0154 (Composite)	29 March 2016
3	Insurance Regulatory and Development Authority (2015)	Corporate agent licence no. MHI 9269978	18 December 2012

(h) Details of penalties imposed by RBI and other regulators

No penalties has been imposed by RBI and other regulators on the Company during the financial year ended 31 March 2018 , 31 March 2017 , 31 March 2016 , 31 March 2015 and 31 March 2014.

For FY 2017-18

(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	24-Mar-18	CARE AA-	CARE AA-
		06-Jul-17	IND AA-	IND AA-
		31-Jan-18	ICRA AA-	ICRA AA-
2	Subordinated debentures	24-Mar-18	CARE AA-	CARE AA-
		05-Mar-18	BWRAA	BWRAA
		01-Mar-18	SMERA AA	SMERA AA
3	Perpetual debt instruments	23-Mar-18	CARE A+	CARE A+
		02-Feb-18	BWR AA-	BWR AA-
4	Commercial papers	20-Feb-18	CARE A1+	CARE A1+
		20-Feb-18	CRISIL A1+	CRISIL A1+
5	Bank facility	24-Mar-18	CARE AA-	CARE AA-
		19-Jul-17	ICRA AA-	ICRA AA-
		06-Jul-17	IND AA-	IND AA-

* Date of rating assigned relates to rating valid on 31 March 2018.

For FY 2016-17

(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	10-Feb-17	CARE AA-	CARE AA-
		14-Dec-16	IND AA-	IND AA-
		24-Jan-17	ICRA AA-	ICRA AA-
2	Subordinated debentures	10-Feb-17	CARE AA-	CARE AA-
		20-Mar-17	BWRAA	BWRAA
		22-Mar-17	SMERA AA	-
3	Perpetual debt instruments	10-Feb-17	CARE A+	CARE A+
		20-Mar-17	BWR AA-	BWR AA-
4	Commercial papers	10-Feb-17	CARE A1+	CARE A1+
		27-Feb-17	CRISIL A1+	CRISIL A1+
5	Bank facility	10-Feb-17	CARE AA-	CARE AA-
		24-Jan-17	ICRA AA-	ICRA AA-
		14-Dec-16	IND AA-	-

* Date of rating assigned relates to rating valid on 31 March 2017.

For FY 2015-16

(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	18-May-15	CARE AA-	CARE AA
		29-Jan-16	IND AA-	-
		23-Nov-15	ICRA AA-	-
2	Subordinated Debentures	18-May-15	CARE AA-	CARE AA-
		23-Nov-15	BWR AA	BWR AA
3	Perpetual Debt Instruments	18-May-15	CARE A+	CARE A+
		23-Nov-15	BWR AA-	BWR AA-
4	Commercial Papers	11-Mar-16	CARE A1+	CARE A1+
		29-Mar-16	CRISIL A1+	CRISIL A1+
5	Bank Facility	18-May-15	CARE AA-	-
		03-Mar-16	ICRA AA-	-

* Date of rating assigned relates to rating valid on 31 March 2016.

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Contd.)

Annexure-V

For FY 2014-15

(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	29 July 2014	CARE AA	CARE AA+
2	Subordinated Debentures	29 July 2014	CARE AA-	CARE AA
		16 September 2014	BWR AA	BWR AA
3	Perpetual Debt Instruments	29 July 2014	CARE A+	CARE AA-
		16 September 2014	BWR AA-	BWR AA-
4	Commercial Papers	17 March 2015	CARE A1+	CARE A1+
		03 March 2015	CRISIL A1+	CRISIL A1+

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Contd.)

Annexure-V

j) Remuneration of non-executive Directors

(₹ in Lacs)

Name of directors	Nature of payment	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
1 Mr. Narayan K Seshadri	Sitting Fees	17.30	2.90	2.20	3.00	2.60
	Commission	65.00	-	75.00	65.00	45.00
2 Mr. Nabankur Gupta	Sitting Fees	16.20	2.60	1.60	1.60	1.80
	Commission	45.00	-	30.00	25.00	30.00
3 Mr.Neil Grame Brown	Sitting Fees	-	-	1.20	2.20	2.60
	Commission	-	-	35.00	30.00	30.00
4 Mr. Satya Brata Ganguly	Sitting Fees	22.20	5.30	3.70	4.70	4.10
	Commission	45.00	-	20.00	15.00	15.00
5 Mr. V K Viswanathan	Sitting Fees	19.20	1.40	-	-	-
	Commission	45.00		-	-	-
6 Mr. Sanjay Nayar	Sitting Fees	3.00	0.80	1.40	1.60	1.20
7 Mr.Kailash Nath Bhandari	Sitting Fees	-	-	-	0.20	0.80
	Commission	-	-	-	15.00	15.00
8 Mrs.Madhumita Dutta Sen	Sitting Fees	2.00	-	-	-	-
9 Mrs. Ritva Kaarina Laukkanen	Sitting Fees	2.00	0.80	0.60	0.20	-

(k) Provisions and Contingencies

(₹ in Lacs)

Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Under "Provisions and bad debts written-off"					
1 Provision for standard assets	520.00	70.00	50.00	290.00	(90.00)
2 Provision for non-performing assets	6,352.90	16,514.04	9,444.93	6,302.82	6,495.20
Under "Tax expenses"					
1 Provision made towards income tax (includes deferred tax)	6,725.42	461.13	7,882.12	2,603.97	4,282.31
Under "Employee Benefit Expenses"					
1 Provision for compensated absences	(204.39)	117.10	415.17	497.94	309.04

(l) Concentration of Deposits, Advances, Exposures and NPAs

1 Concentration of Advances

(₹ in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Total advances to twenty largest borrowers	25,786.56	35,258.47	36,618.49	40,378.17
Percentage of advances to twenty largest borrowers to total advances	2.4	3.6	3.2	3.7

2 Concentration of Exposures

(₹ in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Total exposure to twenty largest borrowers/ customers	25,786.56	35,258.47	36,618.49	40,378.17
Percentage of exposures to twenty largest borrowers/ customers to total exposure on borrowers/ customers	2.4	3.6	3.2	3.7

3 Concentration of NPAs

(₹ in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Total exposure to top four NPA accounts	1,318.22	766.43	2,479.65	1,472.56

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Contd.)

Annexure-V

4 Sector-wise NPAs

Sector		**% of NPAs to Total Advances in the sector**	**% of NPAs to Total Advances in the sector**	**% of NPAs to Total Advances in the sector**	**% of NPAs to Total Advances in the sector**
(i)	Agriculture & allied activities	19.6	17.7	17.3	8.7
(ii)	MSME	3.4	3.0	1.9	1.5
(iii)	Corporate borrowers*	-	-	-	-
(iv)	Services	7.4	13.1	17.5	11.3
(v)	Unsecured personal loans	-	-	-	-
(vi)	Auto loans	8.8	7.5	9.1	7.1
(vii)	Other personal loans	8.6	3.8	4.3	2.0

* Corporate borrowers are included in the respective sector

(m) Movement of NPAs

(₹ in Lacs)

Particulars		**Year ended 31 March 2018**	**Year ended 31 March 2017**	**Year ended 31 March 2016**	**Year ended 31 March 2015**	**Year ended 31 March 2014**
i)	Net NPAs to Net Advances (%)	7.3%	7.6%	8.7%	6.1%	4.7%
ii)	Movement of NPAs (Gross)					
	a) Opening balance	89,684.10	125,073.53	83,005.06	55,915.42	21,205.41
	b) Additions during the year	61,248.20	59,771.30	76,080.73	48,876.12	44,718.17
	c) Reductions during the year	49,311.23	95,160.73	34,012.26	21,786.48	10,008.16
	d) Closing balance	101,621.07	89,684.10	125,073.53	83,005.06	55,915.42
iii)	Movement of Net NPAs					
	a) Opening balance	73,824.90	98,487.74	65,864.20	45,077.38	16,862.57
	b) Additions during the year	53,788.63	53,624.01	65,912.06	38,461.08	37,436.55
	c) Reductions during the year	52,788.18	78,286.85	33,288.52	17,674.26	9,221.74
	d) Closing balance	74,825.35	73,824.90	98,487.74	65,864.20	45,077.38
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)					
	a) Opening balance	15,859.20	26,585.79	17,140.86	10,838.04	4,342.84
	b) Provisions made during the year *	7,459.57	6,147.29	10,168.67	10,415.04	7,281.62
	c) Write-off / write-back of excess provisions *	(3,476.95)	16,873.88	723.74	4,112.22	786.42
	d) Closing balance	26,795.72	15,859.20	26,585.79	17,140.86	10,838.04

For FY 2017-18

The Company classifies non-performing assets (NPAs) at 3 months overdue and is compliant with the requirement for the financial year ending 31 March 2018, in a phased manner over 3 years commencing from the financial year 2015-16, as per the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016. These provisioning norms are considered minimum and additional provision is made based on perceived credit risk where necessary. For the financial year 2016-17, the Company classified non-performing assets (NPAs) at 4 months overdue and accordingly the above figures are not comparable to that extent.

* Includes the balance of provisions for NPAs of MITL amounting to ₹ 4,583.62 lacs as on effective date 1 October 2017.

For FY 2016-17

The Company classifies non-performing assets (NPAs) at 4 months overdue and is compliant with the requirement for the financial year ending 31 March 2017 as per the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

During the financial year ended 31 March 2017, the Company has recorded an additional provision of ₹ 2,082.00 lacs towards NPAs which are more than 15 months overdue. This additional provision is in line with the RBI guidelines on NPA provisioning norms applicable for the year ending 31 March 2018. Accordingly, the profit before tax for the financial year ended 31 March 2017, is lower to the extent of ₹ 2,082.00 lacs.

For FY 2015-16

The Company classifies non-performing assets (NPAs) at 4 months overdue and is compliant with the requirement for the financial year ending 31 March 2017 as per the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies prudential Norms (Reserve Bank) Directions, 2015. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

As a result of the above, the charge till date to the statement of profit & loss on account of asset classification norms adopted by the Company is higher by an amount of ₹ 4,068.56 lacs (2015: ₹ 9,014.42 lacs) as compared to the RBI requirement.

35 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Contd.)

Annexure-V

<u>For FY 2014-15</u>

The Company classifies non-performing assets (NPAs) at 4 months overdue and is compliant with the requirement for the financial year ending 31 March 2017 as prescribed in the Framework. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

As a result of the above, the charge till date to the statement of profit & loss on account of asset classification norms adopted by the Company is higher by an amount of ₹ 9,014.42 lacs (2014: ₹ 7,674.03 lacs) as compared to the RBI requirement.

<u>For FY 2013-14</u>

In view of the proposed regulatory changes in capital adequacy, income recognition, asset classification and provisioning norms recommended in the RBI draft guidelines released on 12 December 2012, the Company classifies non-performing assets (NPAs) at 4 months default as compared to present requirement of 6 months.

As a result of the above, the cumulative charge to statement of profit & loss on account of additional provisioning including standard asset provisioning and interest reversal is higher by an amount of Rs.7,674.03 lacs as compared to the present RBI requirement.

(n) Disclosure of complaints

Customer complaints

Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
No. of complaints pending at the beginning of the year	4	25	61	22
No. of complaints received during the year	265	531	1,221	3,353
No. of complaints redressed during the year	265	552	1,257	3,308
No. of complaints pending at the end of the year	4	4	25	67

For FY 2017-18

Annexure-V

36 Related party disclosures

Related party disclosures as at and for the year ended 31 March 2018.

(A) Names of the Related parties where control exists	Nature of Relationship
i. Magma ITL Finance Limited	Subsidiary Company (upto 30 September 2017)
ii. Magma Advisory Services Limited	Subsidiary Company (upto 31 March 2017)
iii. Magma Housing Finance Limited [Formerly Magma Housing Finance (A Public Company with Unlimited Liability)]	Subsidiary Company (w.e.f. 1 April 2017) Step down Subsidiary Company (upto 31 March 2017)
iv. Mr. Narayan K Seshadri	Chairman & Independent Director
v. Mr. Sanjay Chamria	Vice Chairman & Managing Director
vi. Mr. Mayank Poddar	Whole Time Director
vii. Mr. Sanjay Nayar	Director
viii. Mrs. Ritva Kaarina Laukkanen	Director (upto 15 May 2017)

(B) Key managerial personnel	Nature of Relationship
i. Mr. Mayank Poddar	Whole Time Director
ii. Mr. Sanjay Chamria	Vice Chairman & Managing Director
iii. Mr. Kailash Baheti	Chief Financial Officer (w.e.f. 04 November 2016)
iv. Mrs. Shabnum Zaman	Company Secretary
v. Mr. Atul Avadh Bansal	Chief Financial Officer (upto 03 November 2016)

(C) Others - With whom transactions have taken place during the year

Names of other Related parties	Nature of Relationship
i. Magma HDI General Insurance Company Limited	Joint Venture
ii. Jaguar Advisory Services Private Limited	Joint Venture
iii. Celica Developers Private Limited	Private Company in which Director or his relative is Member or Director
iv. Finance Industry Development Council	Private Company in which Director or his relative is Member or Director
v. Microfirm Capital Private Limited	Private Company in which Director or his relative is Member or Director
vi. Magma Consumer Finance Private Limited	Private Company in which Director or his relative is Member or Director
vii. Experian Credit Information Company of India Private Limited	Private Company in which Director or his relative is Member or Director
viii. Mr. Nabankur Gupta	Independent Director
ix. Mr. Satya Brata Ganguly	Independent Director
x. Mr. V K Viswanathan	Independent Director (w.e.f. 13 August 2016)
xi. Mrs. Shabnum Zaman	Company Secretary
xii. Mr. Atul Avadh Bansal	Chief Financial Officer (upto 03 November 2016)
xiii. Mr. Kailash Baheti	Chief Financial Officer (w.e.f. 04 November 2016)
xiv. Mrs. Madhumita Dutta Sen	Nominee Director (w.e.f. 29 August 2017)
xv. Mr. Harshvardhan Chamria	Relative of Key Managerial Personnel

(₹ in Lacs)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2018	Outstanding amount as at 31 March 2018	Transaction value for the year ended 31 March 2017	Outstanding amount as at 31 March 2017
A) Subsidiary					
1. Magma ITL Finance Limited^	Investment in equity shares	3,419.57	-	-	3,329.94
	Long-term loans and advances given	8,000.00	-	36,500.00	9,900.00
	Refund of long-term loans and advances given	10,400.00	-	28,100.00	-
	Cost allocation made*	60.76	-	709.88	-
	Interest income	671.28	-	1,259.29	-
2. Magma Advisory Services Limited^^	Investment in equity shares	-	-	-	6,000.00
	Investment in preference shares	-	-	-	24,888.89
	Preference dividend received	-	-	0.36	-
3. Magma Housing Finance Limited [Formerly Magma Housing Finance (A public company with unlimited liability)]	Cost allocation made*	947.32	-	787.35	-
	Investment in equity shares**	-	21,970.94	-	-
	Refund of Unsecured loan taken#	3,500.00	-	-	-
	Interest expense#	190.92	-	-	-
B) Joint venture					
1. Magma HDI General Insurance Company Limited	Investment in equity shares	-	6,300.00	-	6,300.00
	Short-term loans and advances given#	16,987.52	563.37	14,348.80	665.13
	Refund of short-term loans and advances given#	17,127.06	-	14,263.79	-
	Cost allocation made*	924.83	-	1,159.57	-
	Insurance commission income	1,289.36	90.21	816.57	28.13
	Insurance premium paid	13.53	-	10.93	-
	Sale of fixed asset	87.40	-	-	-
2. Jaguar Advisory Services Private Limited	Investment in equity shares	-	2.20	-	2.20

Annexure-V

36 Related party disclosures (Contd.) (₹ in Lacs)

	Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2018	Outstanding amount as at 31 March 2018	Transaction value for the year ended 31 March 2017	Outstanding amount as at 31 March 2017
C)	**Private Company in which director is member or director**					
1.	Celica Developers Private Limited	Long-term loans and advances given	-	163.05	24.19	163.05
		Refund of long-term loans and advances given	-	-	30.48	-
		Rent expense	251.69	-	411.43	-
		Equity dividend paid	235.48	-	-	-
2	Finance Industry Development Council	Annual subscription	-	-	1.15	-
3.	Experian Credit Information Company of India Private Limited	Annual subscription	0.06	-	-	-
		Professional fees	39.49	-	-	-
		Capital work-in-progress (Credit engine)	69.00	-	-	-
4	Microfirm Capital Pvt Ltd.	Equity dividend paid	272.13	-	-	-
5.	Magma Consumer Finance Private Limited	Sale of assets	-	-	14.44	-
D)	**Key management personnel**					
1.	Mr. Mayank Poddar	Rent expense	-	-	2.03	-
		Director's remuneration	150.00	-	150.00	-
2.	Mr. Sanjay Chamria	Director's remuneration	200.00	-	150.00	-
		Provision for commission	230.00	230.00	-	-
3.	Mr. Kailash Baheti	Salary	246.82	-	97.48	-
		Amount received against exercise of ESOP	18.00	-	-	
4.	Mrs. Shabnum Zaman	Salary	22.33	-	19.13	-
5.	Mr. Atul Avadh Bansal	Salary	-	-	84.34	-
E)	**Directors**					
1	Mr. Narayan K Seshadri	Sitting fees	17.30	-	2.90	-
		Commission	65.00	65.00	-	-
2	Mr. Nabankur Gupta	Sitting fees	16.20	-	2.60	-
		Commission	45.00	45.00	-	-
3	Mr. Satya Brata Ganguly	Sitting fees#	22.20	-	5.30	-
		Commission	45.00	45.00	-	-
4	Mr. V K Viswanathan	Sitting fees	19.20	-	1.40	-
		Commission	45.00	45.00	-	-
5.	Mrs. Madhumita Dutta Sen	Sitting Fee	2.00	-	-	-
6	Mr. Sanjay Nayar	Sitting fees	3.00	-	0.80	-
7	Mrs. Ritva Kaarina Laukkanen	Sitting fees	2.00	-	0.80	-
F)	**Relatives of Directors**					
1.	Mr. Harshvardhan Chamria	Salary	90.66	-	77.92	-

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.

** acquired from Magma Advisory Services Limited by virtue of merger w.e.f. 1 April 2017.

includes transactions post merger of Magma ITL Finance Limited with Magma Fincorp Limited and outstanding balance includes balance as on 1 October 2017 amounting to ₹ 37.77 lacs.

^ represents transactions upto 30 September 2017 as Magma ITL Finance Limited got merged with the Company w.e.f. 1 October 2017.

^^ merged with the Company w.e.f. 1 April 2017.

For FY 2016-17 | **Annexure-V**

36 Related party disclosures

Related party disclosures as at and for the year ended 31 March 2017.

	(A) Names of the Related parties where control exists	**Nature of Relationship**
i.	Magma ITL Finance Limited	Subsidiary Company
ii.	Magma Advisory Services Limited	Subsidiary Company
iii.	Magma Housing Finance Limited [Formerly Magma Housing Finance (A Public Company With Unlimited	Step Down Subsidiary
iv.	Mr. Narayan K Seshadri	Chairman & Independent Director
v.	Mr. Sanjay Chamria	Vice Chairman & Managing Director
vi.	Mr. Mayank Poddar	Whole Time Director
vii.	Mr. Sanjay Nayar	Director
viii.	Mrs. Ritva Kaarina Laukkanen	Director

(B) Others - With whom transactions have been taken place during the year

	Names of other Related parties	**Nature of Relationship**
i.	Magma HDI General Insurance Company Limited	Joint Venture
ii.	Jaguar Advisory Services Private Limited	Joint Venture
iii.	Celica Developers Private Limited	Private Company in which Director or his relative is Member or Director
iv.	Tranzmute Capital & Management Private Limited	Private Company in which Director or his relative is Member or Director
v.	Finance Industry Development Council	Private Company in which Director or his relative is Member or Director
vi.	Microfirm Capital Private Limited	Private Company in which Director or his relative is Member or Director
vii.	Magma Consumer Finance Private Limited	Private Company in which Director or his relative is Member or Director
viii.	Mr. Neil Graeme Brown	Independent Director (upto 06 May 2016)
ix.	Mr. Nabankur Gupta	Independent Director
x.	Mr. Satya Brata Ganguly	Independent Director
xi.	Mr. V K Viswanathan	Independent Director (w.e.f. 13 August 2016)
xii.	Mrs. Shabnum Zaman	Company Secretary (w.e.f. 02 August 2015)
xiii.	Mr. Atul Bansal	Chief Financial Officer (upto 03 November 2016)
xiv.	Mr. Kailash Baheti	Company Secretary (upto 01 August 2015) Chief Financial Officer (w.e.f. 04 November 2016)
xv.	Mr. Harshvardhan Chamria	Relative of Key Managerial Personnel

(₹ in Lacs)

	Name of related party	**Nature of transaction**	**Transaction value for the year ended 31 March 2017**	**Outstanding amount as at 31 March 2017**	Transaction value for the year ended 31 March 2016	Outstanding amount as at 31 March 2016
A)	**Subsidiary (including step down subsidiary)**					
1.	Magma ITL Finance Limited	Investment in equity shares	-	3,329.94	-	3,329.94
		Long-term loans and advances given	36,500.00	9,900.00	11,500.00	1,500.00
		Refund of long-term loans and advances given	28,100.00	-	10,000.00	-
		Cost allocation made*	709.88	-	338.97	-
		Interest income	1,259.29	-	140.10	-
2.	Magma Advisory Services Limited	Investment in equity shares	-	6,000.00	-	6,000.00
		Investment in preference shares	-	24,888.89	24,888.89	24,888.89
		Preference dividend received	0.36	-	-	-
3.	Magma Housing Finance Limited	Cost allocation made*	787.35	-	771.58	-
B)	**Joint venture**					
1.	Magma HDI General Insurance Company Limited	Investment in equity shares	-	6,300.00	3,700.00	6,300.00
		Short-term loans and advances given	14,348.80	665.13	16,090.36	580.12
		Refund of short-term loans and advances given	14,263.79	-	16,047.49	-
		Cost allocation made*	1,159.57	-	1,048.12	-
		Insurance commission income	816.57	28.13	1,037.40	38.75
		Insurance premium paid	10.93	-	12.08	-
2.	Jaguar Advisory Services Private Limited	Investment in equity shares	-	2.20	-	2.20
C)	**Private Company in which director is member or director**					
1.	Celica Developers Private Limited	Long-term loans and advances given	24.19	163.05	30.24	169.34
		Refund of long-term loans and advances given	30.48	-	-	-
		Investment in non convertible debenture	-	-	20,700.00	-
		Redemption of non convertible debenture	-	-	20,700.00	-
		Purchase of preference shares of Magma Advisory Services	-	-	24,888.89	-
		Income on non convertible debenture	-	-	2,199.99	-
		Rent expense	411.43	-	328.40	-
		Equity dividend paid	-	-	235.48	-
2.	Tranzmute Capital & Management Private Limited	Refund of long-term loans and advances given	-	-	40.50	-
		Electricity charges paid	-	-	0.67	-
		Telephone charges paid	-	-	0.94	-
3.	Finance Industry Development Council	Annual subscription	1.15	-	0.56	-
4.	Microfirm Capital Private Limited	Equity dividend paid	-	-	272.13	-
5.	Magma Consumer Finance Private Limited	Sale of assets	14.44	-	-	-
D)	**Key management personnel**					
1.	Mr. Mayank Poddar	Rent expense	2.03	-	1.88	-
		Director's remuneration	150.00	-	150.00	-
2.	Mr. Sanjay Chamria	Director's remuneration	150.00	-	150.00	-
		Provision for commission	-	-	160.00	160.00
3.	Mr. Kailash Baheti	Salary	97.48	-	37.48	-
4.	Mrs. Shabnum Zaman	Salary	19.13	-	10.49	-
5.	Mr. Atul Bansal	Salary	84.34	-	154.74	-

Annexure-V

36 Related party disclosures (Contd.)

(₹ in Lacs)

	Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2017	Outstanding amount as at 31 March 2017	Transaction value for the year ended 31 March 2016	Outstanding amount as at 31 March 2016
E) Directors						
1.	Mr. Neil Graeme Brown	Sitting fees	-	-	1.20	-
		Commission #	-	-	35.00	35.00
2.	Mr. Narayan K Seshadri	Sitting fees	2.90	-	2.20	-
		Commission #	-	-	75.00	75.00
3.	Mr. Nabankur Gupta	Sitting fees	2.60	-	1.60	-
		Commission #	-	-	30.00	30.00
4.	Mr. Satya Brata Ganguly	Sitting fees	5.30	-	3.70	-
		Commission #	-	-	20.00	20.00
5.	Mr. V K Viswanathan	Sitting fees	1.40	-	-	-
6.	Mr. Sanjay Nayar	Sitting fees	0.80	-	1.40	-
7.	Mrs. Ritva Kaarina Laukkanen	Sitting fees	0.80	-	0.60	-
8.	Provision for commission to independent directors		-	-	-	-
F) Relatives of Directors						
1.	Mr. Harshvardhan Chamria	Salary	77.92		38.78	-

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.

Commission provided in financial year 2015-16 has been fully paid in financial year 2016-17.

For FY 2014-15 **Annexure-V**

36 Related party disclosures

Related party disclosures as at and for the year ended 31 March 2015.

(A) Names of the Related parties where control exists

	Name	Nature of Relationship
i.	Magma ITL Finance Limited	Subsidiary Company
ii.	Magma Advisory Services Limited	Subsidiary Company
iii.	Magma Housing Finance (A public Company with unlimited liability)	Step Down Subsidiary
iv.	International Autotrac Finance Limited	Step Down Subsidiary (up to 22 November 2013)
v.	Mr. Mayank Poddar	Chairman
vi.	Mr. Sanjay Chamria	Vice Chairman & Managing Director
vii.	Mr. Neil Graeme Brown	Independent Director
viii.	Mr. Narayan K Seshadri	Independent Director
ix.	Mr. Nabankur Gupta	Independent Director
x.	Mr. Kailash Nath Bhandari	Independent Director (up to 14 May 2014)
xi.	Mr. Satya Brata Ganguly	Independent Director
xii.	Mr. Sanjay Nayar	Director
xiii.	Mrs. Ritva Kaarina Laukkanen	Director (w.e.f. 14 October 2014)

(B) Others - With whom transactions have been taken place during the year

	Names of other Related parties	Nature of Relationship
i.	Magma HDI General Insurance Company Limited	Joint Venture
ii.	Jaguar Advisory Services Private Limited	Joint Venture
iii.	Celica Developers Private Limited	Private Company in which Director is Member or Director
iv.	Tranzmute Capital & Management Private Limited	Private Company in which Director is Member or Director
v.	Microfirm Capital Private Limited	Private Company in which Director is Member or Director
vi.	Mr. Girish Bhatia	Company Secretary (up to 06 September 2014)
vii.	Mr. Kailash Baheti	Company Secretary (w.e.f. 07 September 2014)
viii.	Mr. V. Lakshmi Narasimhan	Chief Financial Officer (up to 13 March 2015)
ix.	Mr. Atul Bansal	Chief Financial Officer (w.e.f. 13 March 2015)
x.	Mr. Harshvardhan Chamria	Relative of Key Managerial Personnel (w.e.f. 01 September 2014)

(₹ in Lacs)

	Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2015	Outstanding amount as at 31 March 2015	Transaction value for the year ended 31 March 2014	Outstanding amount as at 31 March 2014
A) Subsidiary (including step down subsidiary)						
1.	Magma ITL Finance Limited	Investment in equity shares	-	3,329.94	-	3,329.94
		Long-term loans and advances given	9,000.00		26,000.00	4,500.00
		Refund of long-term loans and advances given	13,500.00		24,100.00	-
		Cost allocation made*	551.52		659.43	-
		Support service income	-		2.60	-
		Interest income	443.96		1,207.90	-
		Interest expense	-		66.89	-
		Corporate guarantee released	-		1,000.00	-
2.	Magma Advisory Services Limited	Investment in equity shares	-	6,000.00	-	6,000.00
3.	Magma Housing Finance	Short-term loans and advances given	-	-	198.72	-
		Refund of short-term loans and advances given	-	-	198.72	-
		Cost allocation made*	726.13	-	1,012.21	-
		Interest expense	-	-	23.50	-
4.	International Autotrac Finance Limited	Support service income	-	-	21.10	-
B) Joint venture						
1.	Magma HDI General Insurance Company Limited	Investment in equity shares		2,600.00	-	2,600.00
		Short-term loans and advances given	17,865.03	537.25	14,863.18	380.24
		Refund of short-term loans and advances given	17,708.02	-	14,657.70	-
		Cost allocation made*	1,011.33	-	1,101.59	-
		Insurance commission income	1,116.35	37.67	924.84	56.43
		Insurance charges	43.32	-	8.28	-
2.	Jaguar Advisory Services Private Limited	Investment in equity shares	-	2.20	-	2.20
C) Private Company in which director is member or director						
1.	Celica Developers Private Limited	Long-term loans and advances given	8.06	139.10	20.16	161.28
		Refund of long-term loans and advances given	30.24	-	63.53	-
		Refund of short-term loans and advances given	-	-	210.00	-
		Purchase of equity shares	-	-	210.00	-
		Rent expense	308.06	-	365.07	-
		Equity dividend paid	235.48	-	235.48	-
2.	Tranzmute Capital & Management Private Limited**	Long-term loans and advances given	-	40.50	-	-
		Rent expense	51.56	-	-	-
		Electricity charges paid	2.70	-	-	-
		Telephone charges paid	1.14	-	-	-
3.	Microfirm Capital Private Limited	Refund of short-term loans and advances given	-	-	1,041.98	-
		Equity dividend paid	272.13	-	272.13	
		Purchase of equity shares	-	-	210.00	-
D) Key management personnel						
1.	Mr. Mayank Poddar	Rent expense	1.77	-	1.77	-
		Director's remuneration	150.00	-	150.00	-
2.	Mr. Sanjay Chamria	Director's remuneration	150.00	-	150.00	-
		Commission	150.00	150.00	-	-
3.	Mr. Girish Bhatia**	Salary	27.06	-	-	-
4.	Mr. Kailash Baheti**	Salary	95.20	-	-	-
		Equity shares allotted on exercise of ESOP	13.50			
5.	Mr. V. Lakshmi Narasimhan **	Salary	161.31	-	-	-
		Equity shares allotted on exercise of ESOP	24.48			
		Equity dividend paid	0.82			
6.	Mr. Atul Bansal	Salary	7.73	-	-	-

Annexure-V

36 Related party disclosures (Contd.) (₹ in Lacs)

Name of related party		Nature of transaction	Transaction value for the year ended 31 March 2015	Outstanding amount as at 31 March 2015	Transaction value for the year ended 31 March 2014	Outstanding amount as at 31 March 2014
E) Directors**						
1.	Mr. Neil Graeme Brown	Sitting fees	2.20	-	-	-
		Commission	30.00	30.00	-	-
2.	Mr. Narayan K Seshadri	Sitting fees	3.00	-	-	-
		Commission	65.00	65.00	-	-
3.	Mr. Nabankur Gupta	Sitting fees	1.60	-	-	-
		Commission	25.00	25.00	-	-
4.	Mr. Kailash Nath Bhandari	Sitting fees	0.20	-	-	-
		Commission	15.00	15.00	-	-
5.	Mr. Satya Brata Ganguly	Sitting fees	4.80	-	-	-
		Commission	15.00	15.00	-	-
6.	Mr. Sanjay Nayar	Sitting fees	1.60	-	-	-
7.	Mrs. Ritva Kaarina Laukkanen	Sitting fees	0.20	-	-	-
F) Relatives of Directors						
1	Mr. Harshvardhan Chamria	Salary	15.60	-	-	-

* Represents expenses recovered towards infrastructural support, operational assistance and other services.

** Related parties has been identified as per section 2(76) of the Companies Act, 2013 which is applicable from 1 April 2014. Accordingly previous year transactions/ balances have not been provided for additional related parties as they were not covered under the earlier disclosure requirements.

37 Corporate social responsibility (CSR) **Annexure-V**

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.

For FY 2017-18

a) Gross amount required to be spent by the Company during the year is ₹ 310.43 lacs.

b) Amount spent during the year on CSR activities (₹ in Lacs)

Particulars	In cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	376.04	-	376.04

For FY 2016-17

a) Gross amount required to be spent by the Company during the year is ₹ 413.47 lacs.

b) Amount spent during the year on CSR activities (₹ in Lacs)

Particulars	In cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	343.07	31.00	374.07

During earlier year while calculating the eligibility amount in CSR, balance of provision for non-performing assets and provision for standard assets were added back to derive at the book profit. Going by the provisions of Section 198 of the Companies Act, 2013, the Company is not required to add back the balance of provision for non-performing assets and provision for standard assets, hence the same has not been considered while calculating the revised eligibility criteria for CSR.

For FY 2015-16

a) Gross amount required to be spent by the Company during the year is ₹ 479.32 lacs.

b) Amount spent during the year on CSR activities (₹ in Lacs)

Particulars	In cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	264.54	19.45	283.99

38 Disclosures relating to fraud in terms of the notification issued by Reserve Bank of India

During the year ended 31 March 2018, 37 cases (2017: 16 cases, 2016: 25 cases, 2015: 26 cases, 2014: 38 cases) of frauds has been detected and reported. The un-recovered amounts aggregating to ₹ 141.92 lacs (2017: ₹ 162.74 lacs, 2016: ₹ 380.91 lacs, 2015: ₹ 611.96 lacs, 2014: ₹ 464.71 lacs) have been fully provided for / written-off.

For FY 2017-18

39 Amalgamation of Magma ITL Finance Limited

a) Pursuant to the Scheme of Amalgamation sanctioned by the Honourable 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. Accordingly, the said assets, liabilities, and transactions have been incorporated in these financial statements.

b) The appointed date of the amalgamation is 1 October, 2017.

c) The Amalgamation has been accounted for under "Pooling of Interest" method as prescribed by the Accounting Standard 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India, in accordance with which:

(i) The assets and liabilities as at 1 October, 2017 have been incorporated in the financial statements of the Company at their carrying amounts in the books of erstwhile MITL subject to necessary adjustments made to ensure uniformity in the accounting policies between the two companies in accordance with Para 11 of Accounting Standard-14 "Accounting for Amalgamations".

(ii) In terms of the Scheme of Amalgamation

Consequent upon and simultaneously with the transfer and recording of assets and liabilities of the MITL in the books of the Company, entire shareholding that the Company held in MITL has been cancelled and MITL stands dissolved without winding-up on the effective date and therefore ceases to be wholly owned subsidiary of the Company. The difference in the value of Net Assets transferred and the carrying amount of Investments has been adjusted in the reserves.

To the extent that there are intercompany loans, deposits, balances as between the MITL and the Company or vice versa, the obligation in respect thereof has come to an end and there is no liability in that behalf and corresponding effect has been given in the books of account and records of the Company for the reduction of any assets and liabilities as the case may be.

(iii) The impact on revenue and profit before tax is ₹ 5,138.71 lacs and ₹ 1,732.53 lacs, respectively for the year ended 31 March 2018.

(iv) 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.

40 Amalgamation of Magma Advisory Services Limited

a) Pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble 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 & consultancy services, has with effect from 1 April, 2017, been transferred to and vested in the Company. Accordingly, the said assets, liabilities, and transactions have been incorporated in these financial statements.

b) The appointed date of the amalgamation is 1 April, 2017.

c) The Amalgamation has been accounted for under "Pooling of Interest" method as prescribed by the Accounting Standard 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India, in accordance with which:

(i) The assets and liabilities as at 1 April, 2017 have been incorporated in the financial statements of the Company at their carrying amounts in the books of erstwhile MASL subject to necessary adjustments made to ensure uniformity in the accounting policies between the two companies in accordance with in Para 11 of Accounting Standard-14 "Accounting for Amalgamations".

(ii) In terms of the Scheme of Amalgamation

Consequent upon and simultaneously with the transfer and recording of assets and liabilities of the MASL in the books of the Company, entire shareholding that the Company held in MASL has been cancelled and MASL stands dissolved without winding-up on the effective date and therefore ceases to be wholly owned subsidiary of the Company. The difference in the value of Net Assets transferred and the carrying amount of Investments has been adjusted in the reserves.

To the extent that there are intercompany loans, deposits, balances between MASL and the Company or vice versa, the obligation in respect thereof has come to an end and there is no liability in that behalf and corresponding effect has been given in the books of account and records of the Company for the reduction of any assets and liabilities as the case may be.

(iii) Magma Housing Finance Limited, previously a step-down subsidiary of the Company, has become direct subsidiary of the Company.

(iv) The impact on revenue and profit before tax is ₹ 0.91 lacs and ₹ (1.72) lacs, respectively for the year ended 31 March 2018.

(v) 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 adjusted with retained earnings.

41 Disclosures in respect of Company's Joint Ventures pursuant to Accounting Standard - 27

The Company's interests in its joint ventures is as follows:

For FY 2017-18 (₹ in Lacs)

Name of venture	Country of incorporation	Ownership interest (%)	Assets	Liabilities	Income	Expenses	Contingent liabilities and commitments
1 Jaguar Advisory Services Private Limited	India	48.89%	2,379.77	2,379.77	18.15	17.49	-
2 Magma HDI General Insurance Company Limited (including indirect holding)	India	41.11%	52,282.94	52,282.94	316.02	66.68	89.53

For FY 2016-17 (₹ in Lacs)

Name of venture	Country of incorporation	Ownership interest (%)	Assets	Liabilities	Income	Expenses	Contingent liabilities and commitments
1 Jaguar Advisory Services Private Limited	India	48.89%	2,381.06	2,381.06	24.79	23.85	-
2 Magma HDI General Insurance Company Limited (including indirect holding)	India	41.11%	43,154.01	43,154.01	361.06	66.30	202.10

For FY 2015-16 (₹ in Lacs)

Name of venture	Country of incorporation	Ownership interest (%)	Assets	Liabilities	Income	Expenses	Contingent liabilities and commitments
1 Jaguar Advisory Services Private Limited	India	48.89%	2,380.21	2,380.21	48.77	46.64	-
2 Magma HDI General Insurance Company Limited (including indirect	India	41.11%	39,379.41	39,379.41	(232.24)	6.16	-

For FY 2014-15 (₹ in Lacs)

Name of Venture	Country of Incorporation	Proportion of Ownership Interest	Assets	Liabilities	Income	Expenses	Contingent Liabilities & Commitments
1 Jaguar Advisory Services Private Limited	India	48.89%	2,376.98	2,376.98	54.31	52.06	-
2 Magma HDI General Insurance Company Limited	India	26.00%	21,445.17	21,445.17	226.02	2.23	-

For FY 2013-14 (₹ in Lacs)

Name of Venture	Country of Incorporation	Proportion of Ownership Interest	Assets	Liabilities	Income	Expenses	Contingent Liabilities & Commitments
1 Jaguar Advisory Services Private Limited	India	48.89%	2,379.68	4.36	45.41	43.45	-
2 Magma HDI General Insurance Company Limited	India	26.00%	15,774.38	11,216.34	(864.90)	-	13.80

Annexure-V

42 Details of investments

For FY 2017-18 (₹ in Lacs)

Name of the Company		As at 31 March 2018		As at 31 March 2017	
		Qty.	**Book Value**	Qty.	Book Value
A	**EQUITY SHARES (Fully paid up)**				
	Quoted				
1	ITC Limited	-	-	100	1.12
	Total	**-**	**-**	100	1.12
	Unquoted (in subsidiary companies)				
1	Magma Housing Finance Limited	148,102,450	21,970.94	-	-
2	Magma Advisory Services Limited*	-	-	21,111,112	6,000.00
3	Magma ITL Finance Limited*	-	-	33,299,400	3,329.94
	Total	**148,102,450**	**21,970.94**	54,410,512	9,329.94
	Unquoted (in joint venture companies)				
1	Magma HDI General Insurance Company Limited	35,250,000	6,300.00	35,250,000	6,300.00
2	Jaguar Advisory Services Private Limited	11,000	2.20	11,000	2.20
	Total	**35,261,000**	**6,302.20**	35,261,000	6,302.20
	Unquoted (in others)				
1	MF Process & Solution Private Limited	1,900	0.99	1,900	0.99
2	Experian Credit Information Company of India Private Limited	4,200,000	421.05	4,200,000	421.05
	Total	**4,201,900**	**422.04**	4,201,900	422.04
B	**PREFERENCE SHARES (Fully paid up)**				
	Unquoted				
1	Magma Advisory Services Limited*	-	-	35,555,556	24,888.89
	Total	**-**	**-**	35,555,556	24,888.89
C	**GOVERNMENT SECURITIES**				
	Unquoted				
1	7-Years National Savings Certificate	-	0.16	-	0.16
	Total	**-**	**0.16**	-	0.16
D	**OTHERS**				
	Unquoted				
1	In pass through certificate - MFL Securitisation Trust	40	12,532.60	23	9,661.93
2	In security receipts	600,216	6,002.16	741,647	7,416.47
	Total	**600,256**	**18,534.76**	741,670	17,078.40
	Grand Total	**188,165,606**	**47,230.10**	130,170,738	58,022.75
	Aggregate provision for diminution in value of investments	-	-	-	(1.05)
	Net Total	**188,165,606**	**47,230.10**	130,170,738	58,021.70

* Merged with the Company during the year. Refer note 39 and 40.

For FY 2016-17 (₹ in Lacs)

Name of the company		As at 31 March 2017		As at 31 March 2016	
		Qty.	**Book Value**	Qty.	Book Value
A	**EQUITY SHARES (Fully paid up)**				
	Quoted				
1	ITC Limited	100	1.12	100	1.12
	Total	**100**	**1.12**	100	1.12
	Unquoted (in subsidiary companies)				
1	Magma Advisory Services Limited	21,111,112	6,000.00	21,111,112	6,000.00
2	Magma ITL Finance Limited	33,299,400	3,329.94	33,299,400	3,329.94
	Total	**54,410,512**	**9,329.94**	54,410,512	9,329.94
	Unquoted (in joint venture companies)				
1	Magma HDI General Insurance Company Limited	35,250,000	6,300.00	35,250,000	6,300.00
2	Jaguar Advisory Services Private Limited	11,000	2.20	11,000	2.20
	Total	**35,261,000**	**6,302.20**	35,261,000	6,302.20
	Unquoted (in others)				
1	MF Process & Solution Private Limited	1,900	0.99	1,900	0.99
2	Experian Credit Information Company of India Private Limited	4,200,000	421.05	4,200,000	421.05
	Total	**4,201,900**	**422.04**	4,201,900	422.04
B	**PREFERENCE SHARES (Fully paid up)**				
	Unquoted				
1	Magma Advisory Services Limited	35,555,556	24,888.89	35,555,556	24,888.89
	Total	**35,555,556**	**24,888.89**	35,555,556	24,888.89
C	**GOVERNMENT SECURITIES**				
	Unquoted				
1	7-Years National Savings Certificate	-	0.16	-	0.16
	Total	**-**	**0.16**	-	0.16
D	**OTHERS**				
	Unquoted				
1	In pass through certificate - MFL Securitisation Trust	23	9,661.93	20	4,871.50
2	In security receipts	741,647	7,416.47	-	-
	Total	**741,670**	**17,078.40**	20	4,871.50
	Grand Total	**130,170,738**	**58,022.75**	129,429,088	45,815.85
	Aggregate provision for diminution in value of investments		(1.05)	-	(1.05)
	Net Total	**130,170,738**	**58,021.70**	129,429,088	45,814.80

42 Details of investments (Contd.)

For FY 2015-16 (₹ in Lacs)

Name of the company		As at 31 March 2016		As at 31 March 2015	
		Qty.	**Book Value**	Qty.	Book Value
A	**EQUITY SHARES (Fully paid up)**				
	Quoted				
1	BCL Financial Services Limited*	-	-	600	0.05
2	Emami Paper Mills Limited	-	-	12,000	0.90
3	HGI Industries Limited*	-	-	1,100	0.42
4	Hindustan Financial Management Limited*	-	-	200	0.01
5	Integrated Thermoplastics Limited	-	-	5,000	0.15
6	ITC Limited	100	1.12	100	1.12
7	Kanoria Plaschem Limited*	-	-	13,400	0.37
8	Kings International Aqua-Marine Exports Limited*	-	-	20,000	4.90
9	Lok Housing and Constructions Limited*	-	-	600	0.01
10	Prudential Sugar Limited*	-	-	1,000	0.21
11	Radico Khaitan Finance Limited*	-	-	200	0.01
12	TTG Industries Limited*	-	-	20,000	0.16
	Total	**100**	**1.12**	74,200	8.31
	Unquoted (in subsidiary Company)				
1	Magma Advisory Services Limited	21,111,112	6,000.00	21,111,112	6,000.00
2	Magma ITL Finance Limited	33,299,400	3,329.94	33,299,400	3,329.94
	Total	**54,410,512**	**9,329.94**	54,410,512	9,329.94
	Unquoted (in joint venture Company)				
1	Magma HDI General Insurance Company Limited	35,250,000	6,300.00	26,000,000	2,600.00
2	Jaguar Advisory Services Private Limited	11,000	2.20	11,000	2.20
	Total	**35,261,000**	**6,302.20**	26,011,000	2,602.20
	Unquoted (in others)				
1	Fund Point Finance Limited*	-	-	120,000	12.00
2	Multi-Mode Multi-Media Training Services Private Limited*	-	-	160,000	16.00
3	MF Process & Solution Private Limited	1,900	0.99	1,900	0.99
4	Panchawati Holiday Resorts Limited*	-	-	4,000	0.39
5	Experian Credit Information Company of India Private Limited	4,200,000	421.05	4,200,000	421.05
	Total	**4,201,900**	**422.04**	4,485,900	450.43
B	**PREFERENCE SHARES**				
	Unquoted				
1	Magma Advisory Services Limited	35,555,556	24,888.89	-	-
	Total	**35,555,556**	**24,888.89**	-	-
C	**GOVERNMENT SECURITIES**				
	Unquoted				
1	7-Years National Savings Certificate	-	0.16	-	0.16
	Total	**-**	**0.16**	-	0.16
D	**OTHERS**				
	Unquoted				
1	In pass through certificate - Bharat Securitisation Trust - I	-	-	16,566	263.13
2	In pass through certificate - MFL Securitisation Trust (Series I to XXXVII)	20	4,871.50	30	11,524.14
	Total	**20**	**4,871.50**	16,596	11,787.27
	Grand Total	**129,429,088**	**45,815.85**	84,998,208	24,178.31
	Aggregate provision for diminution in value of investments		(1.05)	-	(35.58)
	Net Total	**129,429,088**	**45,814.80**	84,998,208	24,142.73

* The Company has written-off non-moving investments in various equity shares amounting to ₹ 34.53 lacs (2015: ₹ Nil) which were delisted or non-tradeable, during the year ended 31 March 2016.

For FY 2014-15 (₹ in Lacs)

Name of the Company		As at 31 March 2015		As at 31 March 2014	
		Qty.	**Book Value**	Qty.	Book Value
A	**EQUITY SHARES (Fully paid up)**				
	Quoted				
1	BCL Financial Services Limited	600	0.05	600	0.05
2	Emami Paper Mills Limited	12,000	0.90	12,000	0.90
3	HGI Industries Limited	1,100	0.42	1,100	0.42
4	Hindustan Financial Management Limited	200	0.01	200	0.01
5	Integrated Thermoplastics Limited	5,000	0.15	5,000	0.15
6	ITC Limited	100	1.12	100	1.12
7	Kanoria Plaschem Limited	13,400	0.37	13,400	0.37
8	Kings International Aqua-Marine Exports Limited	20,000	4.90	20,000	4.90
9	Lok Housing and Constructions Limited	600	0.01	600	0.01
10	Prudential Sugar Limited	1,000	0.21	1,000	0.21
11	Radico Khaitan Finance Limited	200	0.01	200	0.01
12	TTG Industries Limited	20,000	0.16	20,000	0.16
	Total	**74,200**	**8.31**	74,200	8.31
	Unquoted (in subsidiary Company)				
1	Magma Advisory Services Limited	21,111,112	6,000.00	21,111,112	6,000.00
2	Magma ITL Finance Limited	33,299,400	3,329.94	33,299,400	3,329.94
	Total	**54,410,512**	**9,329.94**	54,410,512	9,329.94
	Unquoted (in joint venture Company)				
1	Magma HDI General Insurance Company Limited	26,000,000	2,600.00	26,000,000	2,600.00
2	Jaguar Advisory Services Private Limited	11,000	2.20	11,000	2.20
	Total	**26,011,000**	**2,602.20**	26,011,000	2,602.20

42 Details of investments (Contd.)

(₹ in Lacs)

Name of the Company	As at 31 March 2015		As at 31 March 2014	
	Qty.	Book Value	Qty.	Book Value
Unquoted (in others)				
1 Fund Point Finance Limited	120,000	12.00	120,000	12.00
2 Multi-Mode Multi-Media Training Services Private Limited	160,000	16.00	160,000	16.00
3 MF Process & Solution Private Limited	1,900	0.99	1,900	0.99
4 Panchawati Holiday Resorts Limited	4,000	0.39	4,000	0.39
5 Experian Credit Information Company of India Private Limited	4,200,000	421.05	4,200,000	421.05
Total	**4,485,900**	**450.43**	4,485,900	450.43
B GOVERNMENT SECURITIES				
Unquoted				
1 7-Years National Savings Certificate	-	0.16	-	0.16
Total	**-**	**0.16**	-	0.16
C OTHERS				
Unquoted				
1 In pass through certificate - Bharat Securitisation Trust - I	16,566	263.13	16,566	772.35
2 In pass through certificate - MFL Securitisation Trust (Series I to XXXI)	30	11,524.14	25	18,950.12
Total	**16,596**	**11,787.27**	16,591	19,722.47
Grand Total	**84,998,208**	**24,178.31**	84,998,203	32,113.51
Aggregate provision for diminution in value of investments	-	**(35.58)**	-	(35.58)
Net Total	**84,998,208**	**24,142.73**	84,998,203	32,077.93

43 Segment reporting

As per paragraph 4 of Accounting Standard (AS) 17, on "Segment Reporting" prescribed under section 133 of the Companies Act, 2013, where a single financial report contains both consolidated financial statements and the separate financial statements of the holding Company, segment reporting needs to be presented only on the basis of consolidated financial statements. In view of this, segment information has been presented in the consolidated financial statements.

44 Previous year's figure

Previous year's figure including those in brackets have been regrouped and / or rearranged wherever necessary.

45 Disclosures relating to Specified Bank Notes (SBN) in terms of the notification issued by MCA
Details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016

(₹ in Lacs)

Particulars	SBNs	Other denomination notes *	Total
Closing cash in hand as on 08 November 2016 #	856.62	57.45	914.07
Add: Permitted receipts **	-	29,215.32	29,215.32
Less: Permitted payments	-	35.47	35.47
Less: Amount deposited in Banks ***	856.62	28,332.59	29,189.21
Closing cash in hand as on 30 December 2016 #	-	904.71	904.71

Based on the daily cash register and petty cash summary statement maintained across the branches.

* Includes balance in State Bank of India eZ Card and replenishment in transit.

** Includes direct cash deposits made by the customers in Company's bank accounts vide RBI Circular No. DCM (Plg) No. 1226/10.27.00/2016-17 dated 08 November 2016 under Section 3(c)(v). Also includes withdrawal from bank.

*** Includes SBN of ₹ 5.29 lacs as part of petty cash at 127 branches which was exchanged across the counter at banks.

The above note is not applicable for the current financial year.

46 Change in accounting estimate

For FY 2014-15

Reserve Bank of India (RBI) has issued the Revised Regulatory Framework for Non-Banking Finance Companies (NBFCs) on 10 November 2014 and the related notification dated 27 March 2015 (collectively referred to as ‘the Framework’) to address various matters including harmonization of asset classification and provisioning norms wherein the asset classification norms for NBFCs are being brought in line with that of banks in a phased manner over a period of 3 years as per which an asset shall become a non-performing asset (NPA):

(i) if they become overdue for 5 months for the financial year ending 31 March 2016;
(ii) if they become overdue for 4 months for the financial year ending 31 March 2017; and
(iii) if they become overdue for 3 months for the financial year ending 31 March 2018 and thereafter.

Currently, the Company classifies non-performing assets at 4 months default and is compliant with the requirement for the financial year ending 31 March 2017 as prescribed in the Framework.

Further, the Company has opted to align itself to the provisioning rates prescribed in the Framework effective from quarter ended 31 March 2015, on incremental NPAs as against the higher rates being followed by the company till 31 December 2014. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

The aforesaid alignment of the provisioning rates, has resulted in a net lower provision of ₹ 1,032.71 lacs for the year ended 31 March 2015.

47 Disclosures in terms of the notification issued by the Reserve Bank of India on 21 March 2012 **Annexure-V**

(₹ in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Total gold loan portfolio*	-	-	28.58	755.36	9,820.19
Total assets	-	1,139,194.74	1,290,881.95	1,231,174.68	1,131,799.03
Gold loan portfolio as a % of total assets	0.00%	0.00%	0.00%	0.06%	0.87%

*The Company has discontinued the Gold loan product as decided in the meeting of Board of Directors held on 06 November 2014.

48 Disclosures relating to Gold loan auction in terms of the notification issued by Reserve Bank of India on 16 September 2013

(₹ in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
1 Number of loan accounts	-	-	1,202	4,234	1,445
2 Outstanding amounts	-	-	444.25	1,898.90	800.70
3 Value fetched	-	-	466.33	1,927.71	715.54
4 Whether any of its sister concerns participated in the auction	NA	NA	No	No	No

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Manoj Kumar Vijai
Partner
Membership No. 046882
Mumbai, 15 January 2019

Shabnum Zaman
Company Secretary
Kolkata, 15 January 2019

Kailash Baheti
Chief Financial Officer
Mumbai, 15 January 2019

EXAMINATION REPORT AND REFORMATTED CONSOLIDATED FINANCIAL INFORMATION

To

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

15 January 2019

Dear Sirs,

1. We have examined the attached reformatted consolidated financial information of Magma Fincorp Limited (the 'Company') and its subsidiaries (the Company and its subsidiaries collectively referred to as the 'Group') and its joint ventures, which comprise of the Reformatted Consolidated Summary Statement of Assets and Liabilities as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, the Reformatted Consolidated Summary Statement of Profit and Loss for the year ended 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014 and the Summary of Significant Accounting Policies ('Reformatted Consolidated Financial Information'), annexed to this report for the purpose of inclusion in the Draft Shelf Prospectus and / or Shelf Prospectus and / or Tranche Prospectus(es), and any amendments and supplements thereto (collectively the "**Offering Documents**") to be filed by the Company in connection with its proposed issue of Secured redeemable non- convertible debentures ("NCDs") of face value ₹ 1000/- each, aggregating up to ₹ 1,000 crores (Rupees one thousand crores only), in one or more tranches (the "Proposed Issue"), as approved by the Board of Directors of the Company, by taking into consideration the requirements of:

   a. Section 26 of Part I of Chapter III of the Companies Act 2013 (the 'Act') read with rule 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the 'Rules'); and

   b. the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the 'SEBI Debt Regulations') issued by Securities and Exchange Board of India ('SEBI') Act, 1992.

Management's Responsibility

2. The Company's Board of Directors is responsible for the preparation of the Reformatted Consolidated Financial Information for the purpose set out in paragraph 11 below. The responsibility of Company's Board of Directors includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of Reformatted Consolidated Financial Information. The Company's Board of Directors is also responsible for identifying and ensuring that the Group and its joint ventures, complies with the requirements of the Rules and SEBI Debt Regulations.

Management's Responsibility *(Continued)*

3. These Reformatted Consolidated Financial Information have been compiled by the management from the Audited Consolidated Financial Statements as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 and for each of the years ended 31 March, 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 which have been approved by Board of directors at their meetings held on 09 May 2018, 11 May 2017, 12 May 2016, 08 May 2015 and 07 May 2014 respectively.

Auditor's Responsibility

4. We have examined such Reformatted Consolidated Financial Information taking into consideration:

    a. the terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 15 January 2019 in connection with the Proposed Issue;

    b. requirements of the Rules and the SEBI Debt Regulations; and

    c. the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (ICAI) ('the Guidance Note').

5. As stated in our audit report referred to in paragraph 3 above, we conducted our audit for the year ended 31 March 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014 in accordance with the Standards on Auditing specified under Section 143 (10) of the Companies Act, 2013 issued by the Institute of Chartered Accountants of India, as applicable. Those Standards require we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

    We did not audit the financial statements of the subsidiary and both joint ventures for the year ended 31 March 2018, whose financial statements reflect total assets of INR 204,552.54 lakhs as at 31 March 2018, total revenue of INR 22,499.41 lakhs and net cash inflows of INR 505.06 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Reformatted Consolidated Financial Information, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and joint ventures, is based solely on the report of such other auditors.

    We did not audit the financial statements of both joint ventures included in the for the year ended 31 March 2017, whose financial statements reflect total assets of INR 45,535.07 lakhs as at 31 March 2017, total revenue of INR 385.85 lakhs and net cash inflows of INR 217.65 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Reformatted Consolidated Financial Information, in so far as it relates to the amounts and disclosures included in respect of these joint ventures, is based solely on the report of such other auditors.

    We did not audit the financial statements of both joint ventures for the year ended 31 March 2016, whose financial statements reflect total assets of INR 41,759.62 lakhs as at 31 March 2016, total revenue of INR (183.47) lakhs and net cash inflows of INR 69.38 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Reformatted Consolidated Financial Information, in so far as it relates to the amounts and disclosures included in respect of these joint ventures is based solely on the report of such other auditors.

We did not audit the financial statements of both joint ventures for the year ended 31 March 2015, whose financial statements reflect total assets of INR 33,458.41 lakhs as at 31 March 2015, total revenue of INR 375.95 lakhs and net cash inflows of INR 199.45 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Reformatted Consolidated Financial Information, in so far as it relates to the amount and disclosures included in respect of these joint ventures, in so far as it relates to the amounts and disclosures included in respect of these joint ventures is based solely on the report of such other auditors.

We did not audit the financial statements of certain subsidiaries and joint venture for the year ended 31 March 2014, whose financial statements reflect total assets of INR 127,476 lakhs as at 31 March 2014, total revenue of INR 11,320 lakhs and net cash outflows of INR 158.33 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Reformatted Consolidated Financial Information, in so far as it relates to amounts and disclosures included in respect of these subsidiaries and joint venture is based solely on the report of such other auditors.

Our opinion on the consolidated financial statements for the year ended 31 March, 2018, 31 March, 2017, 31 March, 2016, 31 March, 2015 and 31 March, 2014, 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.

Opinion

6. In accordance with the requirements of the Rules and the SEBI Debt Regulations, the Guidance note and the terms of our engagement agreed with you, we report that the Reformatted Consolidated Financial Information of the Group and it joint ventures as at and for the year ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, as set out in Annexure I to IV of the Reformatted Consolidated Financial Information are accurately compiled from the audited Consolidated financial statements of the Company for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014.

Emphasis of Matter

We draw attention to the note 43 of Annexure IV to the Reformatted Consolidated Financial Information, where it is reported that the Magma HDI General Insurance Company Limited ('MHDI'), a jointly controlled entity, has a solvency margin at 1.24 times as at 31 March 2015 which is below 1.50 times as stipulated by Insurance Regulatory and Development Authority (Assets, Liabilities and Solvency Margin of Insurers) Regulations 2000 and subsequent circulars and orders.

Further, we draw attention to note 43 of Annexure IV to the Reformatted Consolidated Financial Information with reference to MHDI, regarding Motor Third Party (Stop Loss) XL reinsurance cover with HDI Gerling Welt Service AG ('HDI') for the motor portfolio for all policies issued upto 31 March 2015. The Appointed Actuary has certified the motor TP ultimate loss ratio of 133% as at 31 March 2015 which has been fully provided for in the books of accounts. Against this, as per the terms of reinsurance cover, HDI has agreed to indemnify the MHDI for losses incurred in aggregate which exceed ultimate loss ratio of 119%, and upto 135%. Accordingly, ₹ 4,084.40 lacs, being excess of TP ultimate loss liability of motor third party portfolio provided for in books of accounts over and above 119% as on 31 March 2015, against which insurance cover is available to the MHDI, has been suitably adjusted in claims liability.

Further, we draw attention to note 43 of Annexure IV to the Reformatted Consolidated Financial Information, where it is reported that Magma HDI General Insurance Company Limited ("MHDI"), a jointly controlled entity, wherein the actuarial valuation of liabilities for claims incurred but not reported (IBNR) and incurred but not enough reported (IBNER) is the responsibility of the Company's Appointed Actuary. The liability for IBNR and IBNER as at 31 March 2016 has been certified by the actuary from Ernst & Young LLP, as per the consent letter dated 28 April 2016 received from IRDAI for the purpose of actuarial reporting for completion of financials as on 31 March 2016. However, the work done by Ernst &

Young LLP shall be subject to review by an independent actuary nominated by the Authority. The Actuary from Ernst & Young LLP is not an appointed Actuary as per IRDAI Regulations, 2000.

The Management has relied upon the certificate issued by the actuary referred above. Accordingly, the accounts are prepared on the basis of actuarial valuation by the Actuary who is not the Company's Appointed Actuary.

Our opinion above on the Reformatted Consolidated Financial Information is not modified in respect of these matters

7. Based on the above and according to the information and explanations given to us, we further report that the Reformatted Consolidated Financial Information:

   a. have to be read in conjunction with the notes given in Annexure IV;

   b. the figures of earlier years have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to conform primarily to the requirements of the Schedule III to the Companies Act, 2013; and

   c. in the preparation and presentation of Reformatted Consolidated Financial Information based on audited Consolidated financial statements as referred to in paragraph 3 and 5 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 3 above.

Other Financial Information

8. At the Company's request, we have also examined the following financial information of the Company set out in the Annexures prepared by management and approved by the Board of Directors on 15 January 2019, for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014:

   a) Statement of dividend as appearing in Annexure V; and

   b) Statement of accounting ratios as appearing in Annexure VI

   At the Company's request, we have also examined the Capitalization Statement showing details of borrowings and shareholder's funds for the year ended 31 March 2018 as appearing in Annexure VII, prepared by management and approved by the Board of Directors on 15 January 2019.

   According to the information and explanations given to us, in our opinion, the Reformatted Consolidated Financial Information and the above financial information contained in Annexures V to VII accompanying this report, read with notes to reformatted consolidated financial information disclosed in Annexure IV, are prepared in accordance with the Rules, and the SEBI Debt Regulations and the Guidance Note.

9. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

Restrictions of use

11. This report is intended solely for use of the management for inclusion in the Offering Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Kolkata (RoC), as applicable, prepared in connection with the Proposed Issue of the Company. Our report should not be used, referred to or distributed for any other purpose without our prior written consent.

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

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai, 15 January 2019

Reformatted Consolidated Summary Statement of Assets and Liabilities

Annexure-I

(₹ in Lacs)

	Note no.	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES						
Shareholders' funds						
Share capital	3	4,740.57	4,739.19	6,036.77	17,064.48	18,780.40
Reserves and surplus	4	227,202.46	212,472.60	210,391.46	161,681.86	146,575.00
Fair value change account		6.82	1.58	1.78	1.34	0.49
		231,949.85	**217,213.37**	**216,430.01**	**178,747.68**	**165,355.89**
Minority Interest		**-**	**3,419.59**	**4,191.63**	**3,981.47**	**3,321.62**
Non-current liabilities						
Long-term borrowings	5	256,339.12	310,929.43	331,316.17	356,862.11	321,893.27
Deferred tax liabilities (net)	13	-	-	-	712.01	2,846.04
Long-term provisions	6	33,261.31	22,587.50	34,919.22	23,259.94	15,684.74
		289,600.43	**333,516.93**	**366,235.39**	**380,834.06**	**340,424.05**
Current liabilities						
Short-term borrowings	7	613,505.94	548,022.99	700,455.58	632,954.69	523,276.53
Trade payables	8					
- Due to micro and small enterprises		-	-	-	-	-
- Due to others		32,777.86	21,889.51	21,042.30	26,297.73	33,218.71
Other current liabilities	9	191,443.33	229,256.75	233,924.14	256,724.70	245,809.65
Short-term provisions	10	10,849.23	8,903.73	13,140.26	12,465.20	12,578.44
		848,576.36	**808,072.98**	**968,562.28**	**928,442.32**	**814,883.33**
Total		**1,370,126.64**	**1,362,222.87**	**1,555,419.31**	**1,492,005.53**	**1,323,984.89**
ASSETS						
Non-current assets						
Fixed assets						
- Property,plant and equipment	11	16,547.15	18,472.88	17,483.51	17,315.28	15,496.24
- Intangible assets	11	3,322.55	3,179.55	2,938.08	2,435.31	367.17
- Goodwill on consolidation		-	6,120.02	6,120.02	1,430.34	1,430.34
- Capital work-in-progress		166.94	753.48	1,304.30	875.22	2,505.11
		20,036.64	28,525.93	27,845.91	22,056.15	19,798.86
Non-current investments	12	52,278.54	47,292.90	32,415.17	30,796.51	29,200.96
Deferred tax assets (net)	13	2,980.30	1,974.34	3,880.15	-	-
Long-term loans and advances	14					
- Assets on finance		814,297.17	782,436.94	949,543.26	909,964.91	737,963.04
- Others		10,482.86	9,830.93	1,673.01	2,326.78	3,207.82
Other non-current assets	15	11,717.91	19,761.60	13,491.84	13,613.35	17,692.38
		911,793.42	**889,822.64**	**1,028,849.34**	**978,757.70**	**807,863.06**

Reformatted Consolidated Summary Statement of Assets and Liabilities

MAGMA FINCORP LIMITED

Annexure-I

(₹ in Lacs)

	Note no.	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Current assets						
Current investments	16	12,573.25	7,356.05	7,552.62	10,581.74	10,990.20
Trade receivables	17	334.80	674.93	705.33	754.87	1,551.53
Cash and bank balances	18	41,791.58	35,330.96	40,838.46	62,683.06	82,659.35
Short-term loans and advances	19					
- Assets on finance		384,319.46	407,372.09	455,861.90	415,177.09	395,842.33
- Others		7,818.62	9,305.61	9,299.31	11,409.43	13,055.88
Other current assets	20	11,495.51	12,360.59	12,312.35	12,641.64	12,022.54
		458,333.22	**472,400.23**	**526,569.97**	**513,247.83**	**516,121.83**
Total		**1,370,126.64**	**1,362,222.87**	**1,555,419.31**	**1,492,005.53**	**1,323,984.89**
Significant accounting policies	2					
Notes to the reformatted consolidated financial informtion	3 - 47					

The Notes referred to above form an integral part of reformatted consolidated financial informtion

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Manoj Kumar Vijai
Partner
Membership No. 046882
Mumbai, 15 January 2019

Shabnum Zaman
Company Secretary
Kolkata, 15 January 2019

Kailash Baheti
Chief Financial Officer
Mumbai, 15 January 2019

Reformatted Consolidated Summary Statement of Profit and Loss

MAGMA FINCORP LIMITED

Annexure-II

(₹ in Lacs)

	Note no.	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
REVENUE						
Revenue from operations	21	224,146.00	235,147.72	247,777.34	235,477.93	209,641.44
Operating result from general insurance business	22	59.29	(114.48)	(557.80)	(114.85)	(1,509.43)
Other income	23	5,653.36	5,497.69	3,413.54	3,234.88	3,637.29
Total revenue		**229,858.65**	**240,530.93**	**250,633.08**	**238,597.96**	**211,769.30**
EXPENSE						
Employee benefits expense	24	36,852.32	29,332.04	31,721.70	36,181.99	24,305.04
Finance costs	25	90,546.05	113,130.24	119,159.57	123,293.57	117,707.18
Depreciation and amortisation expense	11	4,922.45	4,850.13	3,948.43	3,456.94	3,317.50
Provisions and bad debts written-off	26	37,386.54	60,685.95	37,497.60	24,436.42	18,409.05
Other expenses	27	28,345.67	27,853.45	27,723.56	28,880.06	28,262.35
Total expense		**198,053.03**	**235,851.81**	**220,050.86**	**216,248.98**	**192,001.12**
Profit before tax		**31,805.62**	**4,679.12**	**30,582.22**	**22,348.98**	**19,768.18**
Tax expense:						
Current tax - current year		9,975.41	1,638.25	13,780.74	5,506.29	7,405.14
- earlier year		(254.00)	(138.46)	(22.46)	196.60	(999.17)
Share of current tax of joint venture		47.76	0.29	0.66	(165.70)	0.60
Net current tax		9,769.17	1,500.08	13,758.94	5,537.19	6,406.57
Deferred tax		(1,005.96)	1,905.81	(4,746.28)	(2,013.15)	(2,232.89)
Share of deferred tax of joint venture		-	-	221.69	98.35	(368.68)
Profit after tax		**23,042.41**	**1,273.23**	**21,347.87**	**18,726.59**	**15,963.18**
Minority Interest		-	(772.04)	210.16	659.85	780.31
Profit after tax and minority interest		**23,042.41**	**2,045.27**	**21,137.71**	**18,066.74**	**15,182.87**
Earnings per equity share						
(Nominal value of ₹ 2 each fully paid up):	30					
Basic (in ₹)		9.72	0.86	8.89	8.88	7.32
Diluted (in ₹)		9.70	0.86	8.86	8.84	7.31
Significant accounting policies	2					
Notes to the reformatted consolidated financial informtion	3 - 47					

The Notes referred to above form an integral part of reformatted consolidated financial informtion

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman & Managing Director
[DIN: 00009894]

Manoj Kumar Vijai
Partner
Membership No. 055757
Mumbai, 15 January 2019

Shabnum Zaman
Company Secretary
Kolkata, 15 January 2019

Kailash Baheti
Chief Financial Officer
Mumbai, 15 January 2019

For FY 2017-18

Note: 1
COMPANY OVERVIEW:
Magma Fincorp Limited ('the Company'), incorporated and headquartered in Kolkata, India is a publicly held non-banking finance company and is registered as a Systemically Important Non Deposit taking Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India (RBI) Act, 1934. 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. The Company along with its subsidiaries and joint ventures, is engaged in providing asset finance, housing finance and general insurance business through its pan India branch network.

Note: 2 (A)
SIGNIFICANT ACCOUNTING POLICIES:
(i) Principles of consolidation

(a) Consolidated financial statements include result of Magma Fincorp Limited, the parent company, its subsidiaries and joint 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

(b) The consolidated financial statements are in conformity with the Accounting Standard (AS) 21 "Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India and prescribed under section 133 of the Companies Act, 2013.

(c) As required by Schedule III, the Company has classified assets and liabilities into current and non-current based on the operating cycle as per the criteria set out in Schedule III to the Companies Act, 2013.

(d) The financial statements of the Company have been combined with its subsidiaries on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses and Joint ventures have been consolidated using proportionate consolidation method whereby the venturer's share of each of the assets, liabilities, income and expenses of the joint ventures is reported as separate line items in the financial statements. Adjustments / eliminations of inter-company balances, transactions including unrealised profits have been made.

(e) The consolidated financial statements have been prepared by using uniform accounting policies for like transactions and other events in similar circumstances in all material respect and are presented to the extent possible, in the same manner as the Company's standalone financial statements, unless otherwise stated.

(f) Considering that the accounts of the MHFL and MHDI have been prepared in accordance with and in the manner prescribed by the regulations of the National Housing Bank and the Insurance Regulatory and Development Authority respectively and the lack of homogeneity of the business, the financial statements of the housing finance company and the general insurance company have been consolidated, to the extent possible in the format as adopted by the parent, as required by Accounting Standard (AS) 21 "Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India and prescribed under section 133 of Companies Act, 2013.

(g) The excess of cost to the parent company of its investment in the subsidiaries and joint ventures over the parent's portion of equity of the subsidiaries and joint ventures or vice versa is recognised in the consolidated financial statements as goodwill or capital reserve as the case may be. Goodwill arising on consolidation of a subsidiary or joint venture has been netted-off with the capital reserve of another subsidiary or joint venture and vice versa.

(h) Minority interest's share of net profit / loss of the consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company.

Minority interest's share of net assets of the consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

(i) The financial statements of the subsidiaries and joint ventures used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2018.

Note: 2 (A) (Contd.)

(ii) Basis of preparation of consolidated financial statements

(a) The consolidated financial statements have been prepared and presented under the historical cost convention and on the accrual basis of accounting and comply with the Accounting Standards prescribed under section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 the relevant provisions of the Companies Act, 2013 (to the extent notified and applicable), the directions prescribed by the Reserve Bank of India for Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies, directions prescribed in the Housing Finance Companies (NHB) Directions, 2010 issued by the National Housing Bank, 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.

(b) No adjustments have been made to the financial statements of MHDI, the insurance joint venture on account of diverse accounting policies as the same, being insurance company, is prepared under a regulated environment in contrast to those of the Company and hence not practicable to do so. Also differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

(c) The accounting policies set out below have been applied consistently to the periods presented in these financial statements. The financial statements are presented in Indian rupees rounded off to the nearest lac upto two decimal places.

(d) An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The operating cycle is considered as 12 months for classification of current and non-current assets and liabilities as required by Schedule III of the Companies Act, 2013.

(iii) Use of estimates and judgements

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ('Indian GAAP') requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis and actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(iv) Assets on finance

(a) Assets on finance includes assets given on finance / loan and amounts paid for acquiring financial assets including non-performing assets (NPAs) from other Banks / NBFCs.

(b) Assets on finance represents amounts receivable under finance / loan agreements and are valued at net investment amount including instalments due. The balance is also net of amounts securitised / assigned.

(v) Revenue recognition

(a) Interest / finance income from assets on finance / loan included in revenue from operations represents interest income arrived at based on Internal Rate of Return ('IRR') method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount of principal outstanding and the interest rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation as per RBI Guidelines.

(b) **Income on direct assignment / securitisation :**

The Company enters into arrangements for sale of loan receivables through direct assignment / securitisation. The said assets are de-recognised upon transfer of significant risks and rewards to the purchaser and on meeting the true sale criteria.

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

The Company recognises gain / excess interest spread on direct assignment / securitisation transactions in line with RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016. Accordingly, direct assignment / securitisation transactions effected post issuance of the said guidelines are accounted as under:

(i) Gain / income realised on direct assignment / securitisation of loan receivables arising under premium structure is recognised over the tenure of securities issued by Special Purpose Vehicle (SPV) / agreements. Loss, if any, is recognised upfront.

(ii) EIS under par structure of securitisation / direct assignment of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by SPV / agreements. Loss, if any, is recognised upfront.

(c) Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(d) Upfront income / expense pertaining to loan origination is amortised over the tenure of the underlying loan contracts.

(e) Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the statement of profit and loss as per contractual rentals unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognised in the statement of profit and loss over the lease term in proportion to the recognition of lease income.

(f) Overdue interest is treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

(g) In respect of NPAs acquired, recoveries in excess of consideration paid is recognised as income in accordance with RBI guidelines.

Note: 2 (A) (Contd.)

(h) The sale of non-performing assets is accounted for as per the guidelines prescribed by RBI. On sale, the assets are derecognised from the books. If the sale proceeds are lower than the net book value (NBV) (i.e., book value less provisions held), the shortfall is charged to the Statement of Profit and Loss in the year of sale. In case of sale other than in cash, if the sale proceeds are higher than the NBV, the excess provision is written back in the year the amounts are received, as required by the RBI.

(i) Income on Security Receipts (SRs) are recognised only after the full redemption of the entire principal amount of SRs.

(j) Income from collection and support services is recognised as per the terms of the respective contract on accrual basis.

(k) Income from power generation is recognised based on the units generated as per the terms of the respective power purchase agreements with the respective State Electricity Boards.

(l) Income from dividend is accounted for on receipt basis.

(m) All other items of income are accounted for on accrual basis.

(vi) Provisions for non-performing assets (NPA) and doubtful debts

(a) Asset financing companies

Non-performing assets ('NPA') including loans and advances, receivables are identified as sub-standard / doubtful based on the tenor of default. The tenor is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning and meets the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

All contracts which as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts or fully provided for. Recoveries made from previously written off contracts are included in "Other Income".

(b) Housing finance companies

Loans are classified as per the Housing Finance Companies (NHB) Directions, 2010 into standard and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets based on criteria stipulated by NHB. Provisions and write-offs are carried out in accordance with the requirements of NHB guidelines. These provisioning norms are considered minimum and higher provision is made based on the perceived credit risk, wherever necessary.

All loan contracts with overdues for more than 51 months as well as those which, as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from previously written-off contracts are included in "Other income".

(vii) Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition less accumulated depreciation. The cost of tangible fixed assets comprises the purchase price, taxes, duties, freight (net of rebates and discounts) and any other directly attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

(viii) Depreciation and amortisation

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

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

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

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

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

Desktops	6 years
Laptops / Hand Held Device	4 years

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

(ix) Impairment

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

Note: 2 (A) (Contd.)

(x) Investments

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

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

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

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

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

(f) Investment in Security Receipts (SRs) is recognised at lower of: (i) Net Book Value (NBV) (i.e., book value less provisions held) of the financial asset; and (ii) estimated redemption value of SRs at the end of each reporting period, as prescribed by RBI. Accordingly, in cases where the SRs issued by the Securitisation Company / Asset Reconstruction Company (SC/ARC) are limited to the actual realisation of the underlying financial assets, the net asset value, obtained from the SC/ARC, is reckoned for valuation of such investments. The SRs outstanding and not redeemed as at the end of the resolution period are treated as loss assets and are fully provided for.

(xi) Employee benefits

(a) Provident fund

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

(b) Gratuity

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

(c) Compensated absences

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

(xii) Employee stock option schemes

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

(xiii) 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 timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in the statement of profit and loss.

(a) Current tax

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

(b) Deferred tax

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

(c) Minimum alternative tax

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

Note: 2 (A) (Contd.)

(xiv) Provision and contingencies

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

(a) Onerous Contracts

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

(b) Contingencies

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

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

(xv) Contingent liabilities and contingent assets

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

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

(xvi) Derivative transactions

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

(xvii) Borrowing costs

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

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

(xviii) Operating lease

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

(xix) Earnings per share

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

(xx) Foreign currency transactions

Foreign currency transactions are accounted for at the rates prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Statement of Profit and Loss. Monetary assets and liabilities denoted in foreign currencies as at the Balance Sheet date are translated at the closing exchange rates. Resultant exchange differences, if any, are recognised in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency at the Balance Sheet date are reported using exchange rates at the date of the transaction.

(xxi) Cash and cash equivalents

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

Annexure-III

Note: 2 (B)

SIGNIFICANT ACCOUNTING POLICIES - INSURANCE COMPANIES (TO THE EXTENT, DIFFERENT AND UNIQUE FROM THE PARENT)

(i) Basis of preparation

The financial statements have been prepared and presented under the historical cost convention, on an accrual basis and in accordance with the applicable provisions of the Insurance Act, 1938, as amended by Insurance Laws (Amendement) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and circulars/notifications issued by IRDAI from time to time, the applicable accounting standards referred to in section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014, to the extent applicable, the provisions of the Companies Act, 2013, in the manner so required and conform to the statutory provisions in regard to general insurance operations in India.

(ii) Revenue recognition

(a) Premium

Premium (net of service tax), on direct business and reinsurance accepted, is recognized as income over the contract period or the period of risk, whichever is appropriate. Any subsequent revisions to or cancellations of premiums are recognized in the year in which they occur.

(b) Premium / discount on purchase of investments

Accretion of discount and amortisation of premium relating to debt securities is recognised over the holding / maturity period on a straight-line basis.

(c) Profit / loss on sale of securities

Profit/loss on sale/redemption of securities is recognized on trade date basis. In determining the profit/loss on sale/redemption of securities, the cost of securities is arrived at on weighted average cost basis. Further, in case of mutual funds the profit and loss also includes accumulated changes in the fair value previously recognized in the fair value change account and includes effects on accumulated fair value changes, previously recognized, for specific investments sold/redeemed during the year. Sale consideration for the purpose of realised gain/loss is net of brokerage and taxes, if any, and excludes interest received on sales.

(d) Commission on reinsurance ceded

Commission on reinsurance ceded is recognised as income in the year in which reinsurance premium is ceded.

Profit commission under reinsurance treaties wherever applicable, is recognised on accrual basis. Any subsequent revisions of profit commission are recognised for in the year in which final determination of the profits are intimated by the reinsurers.

(d) Dividend income

Dividend income is recognized when the right to receive the dividend is established.

(iii) Reinsurance ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Any subsequent revision to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss reinsurance cover is accounted as per the terms of reinsurance agreements.

(iv) Acquisition costs

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts including reinsurance accepted and are expensed in the year in which they are incurred.

(v) Premium received in advance

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.

(vi) Reserve for unexpired risk

Reserve for unexpired risk is made on the amount representing that part of the net premium written which attributable to, and to be allocated to the succeeding accounting period using 1/365 method.

(vii) Reserve for premium deficiency

Premium deficiency reserve (PDR) is recognized if the cost of expected net claim cost, related expenses and maintenance cost exceeds the sum of related premium carried forward to subsequent accounting period as the reserve for unexpired risk. Premium deficiency reserve is recognised for the Company at reportable segmental revenue account level (i.e. Fire, Marine and Miscellaneous) excluding Motor Third Party portfolio including erstwhile Motor Pool, Declined Risks Pool. The expected claim cost is calculated and duly certified by the Appointed Actuary and Mentor to the Apppointed Actuary of the Company.

(viii) Claims incurred

Claims incurred comprise claims paid (net of salvage and other recoveries), change in estimated liability for outstanding claims made following a loss occurrence reported and change in estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') net of amounts receivable from reinsurers/coinsurers. Further, claims incurred also include specific claim settlement costs such as survey / legal fees and other directly attributable costs.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation on management estimates of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revalidated on availability of further information.

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') is based on actuarial estimate duly certified by the appointed actuary and Mentor to the appointed actuary of the Company in accordance with guidelines issued by IRDAI and acturies practice standard issued by the Institute of Actuaries of India.

Note: 2 (B) (Contd.)

(viii) Depreciation and amortisation

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

(ix) Investments

Investments are carried at weighted average cost and includes brokerage, securities transactions tax, stamp duty and other charges incidental to transactions and excludes pre-acquisition interest, if any.

(a) Classification

Investments maturing within twelve months from balance sheet date or investments made with the specific intention to dispose off within twelve months from balance sheet date are classified as short-term investments. Investments other than short term investments are classified as long-term investments.

(b) Valuation

Debt securities

All debt securities are shown at wighted average cost subject to amortization of premium or accretion of discount on straight line basis in the revenue accounts and profit & loss account over the period of maturity/holding.

Mutual fund

Investment in Mutual Funds units are stated at latest available Net Asset Value (NAV) at the Balance Sheet date. Unrealized gains/losses are credited / debited to fair value change account.

Fair value change account

In accordance with the Regulations, any unrealized gains/losses arising due to change in fair value of mutual fund investments are accounted in "Fair Value Change Account" and carried forward in the Balance Sheet and is not available for distribution.

Impairment of investment

The Company assesses at each Balance Sheet date whether there is any indication that any investment in units of mutual funds is impaired. If any such indication exists, the carrying value of such investment is reduced to its recoverable amount and the impairment loss is recognized in the revenue(s)/profit and loss account. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and investment is restated to that extent.

(x) Allocation of income and expenses

(a) Investment Income has been allocated between revenue accounts and profit and loss account on the basis of the ratio of average policyholders funds to average shareholders funds respectively; average being the balance at the beginning of the year and at the end of the year. Further, investment income between policyholders is allocated on the basis of the ratio of average policyholders' funds comprising reserves for unexpired risks, IBNR, IBNER, PDR, outstanding claims and other liabilities (net of other assets).

(b) Expenses, which are attributable and identifiable to the business segments, are directly charged to relevant business segment.

(c) Other expenses, that are not identifiable to a segment, are allocated on the basis of ratio of gross written premium in each business class.

(d) Expenses related to investment activities are charged to statement of profit and loss.

(xi) Foreign currency transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction. Monetary items denominated in foreign currencies at the year end are reinstated at the year end rates. Non-monetary foreign currency items are carried at cost. Any gain or loss on account of exchange difference either on settlement or on translation is recognized in the statement of profit and loss and revenue accounts as applicable.

(xii) Share Issue Expenses

Share issue expenses are charged to Profit and Loss account.

(xiii) Terrorism Pool

In accordance with the requirements of IRDAI, the Company, together with other Insurance Companies, participates in the Terrorism Pool. This Pool is managed by the General Insurance Corporation of India ("GIC"). Amount collected as Terrorism premium in accordance with the requirements of the Tariff Advisory Committee ("TAC") are ceded at 100% of the Terrorism Premium collected to the Terrorism Pool.

In accordance with the Terms of the Agreement, GIC, retrocedes, to the company, terrorism premium to the extent of the Company's share in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly statements received from the GIC. The reinsurance accepted on account of terrorism pool has been recorded in accordance with the Last statement received from the GIC. The company has created liability, to the extent of 100% of premium (net of claims and expenses) retroceded to the company during the year, through reserve for unexpired risks.

For FY 2016-17

Note: 1

COMPANY OVERVIEW:

Magma Fincorp Limited (‘the Company’), incorporated and headquartered in Kolkata, India is a publicly held non-banking finance company and is registered as a Systemically Important Non Deposit taking Non-Banking Financial Company (‘NBFC’) as defined under section 45-IA of the Reserve Bank of India (RBI) Act, 1934. 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. The Company along with its subsidiaries and joint ventures, is engaged in providing asset finance, housing finance and general insurance business through its pan India branch network.

Note: 2 (A)

SIGNIFICANT ACCOUNTING POLICIES:

(i) Principles of consolidation

(a) Consolidated financial statements include result of Magma Fincorp Limited, the parent company, its subsidiaries and joint 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 Advisory Services Limited (MASL)	India	Subsidiary
Magma Housing Finance Limited (MHFL) [previously Magma Housing Finance (A Company with unlimited liability)]	India	Step down subsidiary
Magma ITL Finance Limited (MITL)	India	Subsidiary
Jaguar Advisory Services Private Limited (JASPL)	India	Joint venture
Magma HDI General Insurance Company Limited (MHDI)	India	Joint venture

(b) The consolidated financial statements are in conformity with the Accounting Standard (AS) 21 “Consolidated Financial Statements” and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India and prescribed under section 133 of the Companies Act, 2013.

(c) As required by Schedule III, the Company has classified assets and liabilities into current and non-current based on the operating cycle as per the criteria set out in Schedule III to the Companies Act, 2013.

(d) The financial statements of the Company have been combined with its subsidiaries on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses and Joint ventures have been consolidated using proportionate consolidation method whereby the venturer's share of each of the assets, liabilities, income and expenses of the joint ventures is reported as separate line items in the financial statements. Adjustments / eliminations of inter-company balances, transactions including unrealised profits have been made.

(e) The consolidated financial statements have been prepared by using uniform accounting policies for like transactions and other events in similar circumstances in all material respect and are presented to the extent possible, in the same manner as the Company's standalone financial statements, unless otherwise stated.

(f) Considering that the accounts of the MHFL and MHDI have been prepared in accordance with and in the manner prescribed by the regulations of the National Housing Bank and the Insurance Regulatory and Development Authority respectively and the lack of homogeneity of the business, the financial statements of the housing finance company and the general insurance company have been consolidated, to the extent possible in the format as adopted by the parent, as required by Accounting Standard (AS) 21 “Consolidated Financial Statements” and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India and prescribed under section 133 of Companies Act, 2013.

(g) The excess of cost to the parent company of its investment in the subsidiaries and joint ventures over the parent's portion of equity of the subsidiaries and joint ventures or vice versa is recognised in the consolidated financial statements as goodwill or capital reserve as the case may be. Goodwill arising on consolidation of a subsidiary or joint venture has been netted-off with the capital reserve of another subsidiary or joint venture and vice versa.

(h) Minority interest's share of net profit / loss of the consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company.

Minority interest's share of net assets of the consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

(i) The financial statements of the subsidiaries and joint ventures used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2017.

Note: 2 (A) (Contd.)

(ii) Basis of preparation of consolidated financial statements

(a) The consolidated financial statements have been prepared and presented under the historical cost convention and on the accrual basis of accounting and comply with the Accounting Standards prescribed under section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 the relevant provisions of the Companies Act, 2013 (to the extent notified and applicable), the directions prescribed by the Reserve Bank of India for Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies, directions prescribed in the Housing Finance Companies (NHB) Directions, 2010 issued by the National Housing Bank, 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.

(b) No adjustments have been made to the financial statements of MHDI, the insurance joint venture on account of diverse accounting policies as the same, being insurance company, is prepared under a regulated environment in contrast to those of the Company and hence not practicable to do so. Also differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

(c) The accounting policies set out below have been applied consistently to the periods presented in these financial statements. The financial statements are presented in Indian rupees rounded off to the nearest lac upto two decimal places.

(d) An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The operating cycle is considered as 12 months for classification of current and non-current assets and liabilities as required by Schedule III of the Companies Act, 2013.

(iii) Use of estimates and judgements

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

(iv) Assets on finance

(a) Assets on finance includes assets given on finance / loan and amounts paid for acquiring financial assets including non-performing assets (NPAs) from other Banks / NBFCs.

(b) Assets on finance represents amounts receivable under finance / loan agreements and are valued at net investment amount including instalments due. The balance is also net of amounts securitised / assigned.

(v) Revenue recognition

(a) Interest / finance income from assets on finance / loan included in revenue from operations represents interest income arrived at based on Internal Rate of Return ('IRR') method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount of principal outstanding and the interest rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation as per RBI Guidelines.

(b) **Income on direct assignment / securitisation** :

The Company enters into arrangements for sale of loan receivables through direct assignment / securitisation. The said assets are de-recognised upon transfer of significant risks and rewards to the purchaser and on meeting the true sale criteria.

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

The Company recognises gain / excess interest spread on direct assignment / securitisation transactions in line with RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016. Accordingly, direct assignment / securitisation transactions effected post issuance of the said guidelines are accounted as under:

(i) Gain / income realised on direct assignment / securitisation of loan receivables arising under premium structure is recognised over the tenure of securities issued by Special Purpose Vehicle (SPV) / agreements. Loss, if any, is recognised upfront.

(ii) EIS under par structure of securitisation / direct assignment of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by SPV / agreements. Loss, if any, is recognised upfront.

(c) Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(d) Upfront income / expense pertaining to loan origination is amortised over the tenure of the underlying loan contracts.

(e) Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the statement of profit and loss as per contractual rentals unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognised in the statement of profit and loss over the lease term in proportion to the recognition of lease income.

(f) Overdue interest is treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

(g) In respect of NPAs acquired, recoveries in excess of consideration paid is recognised as income in accordance with RBI guidelines.

Note: 2 (A) (Contd.)

(h) The sale of non-performing assets is accounted for as per the guidelines prescribed by RBI. On sale, the assets are derecognised from the books. If the sale proceeds are lower than the net book value (NBV) (i.e., book value less provisions held), the shortfall is charged to the Statement of Profit and Loss in the year of sale. In case of sale other than in cash, if the sale proceeds are higher than the NBV, the excess provision is written back in the year the amounts are received, as required by the RBI.

(i) Income on Security Receipts (SRs) are recognised only after the full redemption of the entire principal amount of SRs.

(j) Income from collection and support services is recognised as per the terms of the respective contract on accrual basis.

(k) Income from power generation is recognised based on the units generated as per the terms of the respective power purchase agreements with the respective State Electricity Boards.

(l) Income from dividend is accounted for on receipt basis.

(m) All other items of income are accounted for on accrual basis.

(vi) Provisions for non-performing assets (NPA) and doubtful debts

(a) Asset financing companies

Non-performing assets ('NPA') including loans and advances, receivables are identified as sub-standard / doubtful based on the tenor of default. The tenor is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning and meets the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

All contracts which as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from previously written off contracts are included in "Other Income".

(b) Housing finance companies

Loans are classified as per the Housing Finance Companies (NHB) Directions, 2010 into standard and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets based on criteria stipulated by NHB. Provisions and write-offs are carried out in accordance with the requirements of NHB guidelines. These provisioning norms are considered minimum and higher provision is made based on the perceived credit risk, wherever necessary.

All loan contracts with overdues for more than 51 months as well as those which, as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from previously written-off contracts are included in "Other

(vii) Fixed assets, intangible assets and capital work-in-progress

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long-term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

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

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

(viii) Depreciation and amortisation

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

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

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

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

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

Desktops	6 years
Laptops / Hand Held Device	4 years

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

(ix) Impairment

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

Note: 2 (A) (Contd.)

(x) Investments

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

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

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

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

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

(f) Investment in Security Receipts (SRs) is recognised at lower of: (i) Net Book Value (NBV) (i.e., book value less provisions held) of the financial asset; and (ii) estimated redemption value of SRs at the end of each reporting period, as prescribed by RBI. Accordingly, in cases where the SRs issued by the Securitisation Company / Asset Reconstruction Company (SC/ARC) are limited to the actual realisation of the underlying financial assets, the net asset value, obtained from the SC/ARC, is reckoned for valuation of such investments. The SRs outstanding and not redeemed as at the end of the resolution period are treated as loss assets and are fully provided for.

(xi) Employee benefits

(a) Provident fund

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

(b) Gratuity

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

(c) Compensated absences

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

(xii) Employee stock option schemes

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

(xiii) Taxes on income

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

(a) Current tax

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

(b) Deferred tax

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

(c) Minimum alternative tax

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

Note: 2 (A) (Contd.)

(xiv) Provision and contingencies

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

(a) Onerous Contracts

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

(b) Contingencies

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

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

(xv) Contingent liabilities and contingent assets

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

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

(xvi) Derivative transactions

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

(xvii) Borrowing costs

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

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

(xviii) Operating lease

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

(xix) Earnings per share

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

(xx) Cash and cash equivalents

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

Note: 2 (B)

SIGNIFICANT ACCOUNTING POLICIES - INSURANCE COMPANIES (TO THE EXTENT, DIFFERENT AND UNIQUE FROM THE PARENT) FOR THE YEAR ENDED 31 MARCH 2017

(i) Basis of preparation

The financial statements have been prepared and presented under the historical cost convention, on an accrual basis and in accordance with the applicable provisions of the Insurance Act, 1938, as amended by Insurance Laws (Amendement) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and circulars/notifications issued by IRDAI from time to time, the applicable accounting standards referred to in section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014, to the extent applicable, the provisions of the Companies Act, 2013, in the manner so required and conform to the statutory provisions in regard to general insurance operations in India.

(ii) Revenue recognition

(a) Premium

Premium (net of service tax), on direct business and reinsurance accepted, is recognized as income over the contract period or the period of risk, whichever is appropriate. Any subsequent revisions to or cancellations of premiums are recognized in the year in which they occur.

(b) Premium / discount on purchase of investments

Accretion of discount and amortisation of premium relating to debt securities is recognised over the holding / maturity period on a straight-line basis.

(c) Profit / loss on sale of securities

Profit/loss on sale/redemption of securities is recognized on trade date basis. In determining the profit/loss on sale/redemption of securities, the cost of securities is arrived at on weighted average cost basis. Further, in case of mutual funds the profit and loss also includes accumulated changes in the fair value previously recognized in the fair value change account and includes effects on accumulated fair value changes, previously recognized, for specific investments sold/redeemed during the year. Sale consideration for the purpose of realised gain/loss is net of brokerage and taxes, if any, and excludes interest received on sales.

(d) Commission on reinsurance ceded

Commission on reinsurance ceded is recognised as income in the year in which reinsurance premium is ceded.

Profit commission under reinsurance treaties wherever applicable, is recognised on accrual basis. Any subsequent revisions of profit commission are recognised for in the year in which final determination of the profits are intimated by the reinsurers.

(d) Dividend income

Dividend income is recognized when the right to receive the dividend is established.

(iii) Reinsurance ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Any subsequent revision to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss reinsurance cover is accounted as per the terms of reinsurance agreements.

(iv) Acquisition costs

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts including reinsurance accepted and are expensed in the year in which they are incurred.

(v) Premium received in advance

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.

(vi) Reserve for unexpired risk

Reserve for unexpired risk is made on the amount representing that part of the net premium written which attributable to, and to be allocated to the succeeding accounting period using 1/365 method.

(vii) Reserve for premium deficiency

Premium deficiency reserve (PDR) is recognized if the cost of expected net claim cost, related expenses and maintenance cost exceeds the sum of related premium carried forward to subsequent accounting period as the reserve for unexpired risk. Premium deficiency reserve is recognised for the Company at reportable segmental revenue account level (i.e. Fire, Marine and Miscellaneous) excluding Motor Third Party portfolio including erstwhile Motor Pool, Declined Risks Pool. The expected claim cost is calculated and duly certified by the Appointed Actuary and Mentor to the Apppointed Actuary of the Company.

(viii) Claims incurred

Claims incurred comprise claims paid (net of salvage and other recoveries), change in estimated liability for outstanding claims made following a loss occurrence reported and change in estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') net of amounts receivable from reinsurers/coinsurers. Further, claims incurred also include specific claim settlement costs such as survey / legal fees and other directly attributable costs.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation on management estimates of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revalidated on availability of further information.

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') is based on actuarial estimate duly certified by the appointed actuary and Mentor to the appointed actuary of the Company in accordance with guidelines issued by IRDAI and acturies practice standard issued by the Institute of Actuaries of India.

Note: 2 (B) (Contd.)

(viii) Depreciation and amortisation

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

(ix) Investments

Investments are carried at weighted average cost and includes brokerage, securities transactions tax, stamp duty and other charges incidental to transactions and excludes pre-acquisition interest, if any.

(a) Classification

Investments maturing within twelve months from balance sheet date or investments made with the specific intention to dispose off within twelve months from balance sheet date are classified as short-term investments. Investments other than short term investments are classified as long-term investments.

(b) Valuation

Debt securities

All debt securities are shown at wighted average cost subject to amortization of premium or accretion of discount on straight line basis in the revenue accounts and profit & loss account over the period of maturity/holding.

Mutual fund

Investment in Mutual Funds units are stated at latest available Net Asset Value (NAV) at the Balance Sheet date. Unrealized gains/losses are credited / debited to fair value change account.

Fair value change account

In accordance with the Regulations, any unrealized gains/losses arising due to change in fair value of mutual fund investments are accounted in "Fair Value Change Account" and carried forward in the Balance Sheet and is not available for distribution.

Impairment of investment

The Company assesses at each Balance Sheet date whether there is any indication that any investment in units of mutual funds is impaired. If any such indication exists, the carrying value of such investment is reduced to its recoverable amount and the impairment loss is recognized in the revenue(s)/profit and loss account. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and investment is restated to that extent.

(x) Allocation of income and expenses

(a) Investment Income has been allocated between revenue accounts and profit and loss account on the basis of the ratio of average policyholders funds to average shareholders funds respectively; average being the balance at the beginning of the year and at the end of the year. Further, investment income between policyholders is allocated on the basis of the ratio of average policyholders' funds comprising reserves for unexpired risks, IBNR, IBNER, PDR, outstanding claims and other liabilities (net of other assets).

(b) Expenses, which are attributable and identifiable to the business segments, are directly charged to relevant business segment.

(c) Other expenses, that are not identifiable to a segment, are allocated on the basis of ratio of gross written premium in each business class.

(d) Expenses related to investment activities are charged to statement of profit and loss.

(xi) Foreign currency transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction. Monetary items denominated in foreign currencies at the year end are reinstated at the year end rates. Non-monetary foreign currency items are carried at cost. Any gain or loss on account of exchange difference either on settlement or on translation is recognized in the statement of profit and loss and revenue accounts as applicable.

(xii) Share Issue Expenses

Share issue expenses are charged to Profit and Loss account.

(xiii) Terrorism Pool

In accordance with the requirements of IRDAI, the Company, together with other Insurance Companies, participates in the Terrorism Pool. This Pool is managed by the General Insurance Corporation of India ("GIC"). Amount collected as Terrorism premium in accordance with the requirements of the Tariff Advisory Committee ("TAC") are ceded at 100% of the Terrorism Premium collected to the Terrorism Pool.

In accordance with the Terms of the Agreement, GIC, retrocedes, to the company, terrorism premium to the extent of the Company's share in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly statements received from the GIC. The reinsurance accepted on account of terrorism pool has been recorded in accordance with the Last statement received from the GIC. The company has created liability, to the extent of 100% of premium (net of claims and expenses) retroceded to the company during the year, through reserve for unexpired risks.

For FY 2015-16

Note: 1
COMPANY OVERVIEW:

Magma Fincorp Limited (‘the Company’), incorporated and headquartered in Kolkata, India is a publicly held non-banking finance company and is registered as a Systemically Important Non Deposit taking Non-Banking Financial Company (‘NBFC’) as defined under section 45-IA of the Reserve Bank of India (RBI) Act, 1934. 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. The Company along with its subsidiaries and joint ventures, is engaged in providing asset finance, housing finance and general insurance business through its pan India branch network.

Note: 2 (A)
SIGNIFICANT ACCOUNTING POLICIES:

(i) Principles of consolidation

(a) Consolidated financial statements include result of Magma Fincorp Limited, the parent company, its subsidiaries and joint 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 Advisory Services Limited (MASL)	India	Subsidiary
Magma Housing Finance (A Company with unlimited liability) (MHF)	India	Step down subsidiary
Magma ITL Finance Limited (MITL)	India	Subsidiary
Jaguar Advisory Services Private Limited (JASPL)	India	Joint venture
Magma HDI General Insurance Company Limited (MHDI)	India	Joint venture

(b) The consolidated financial statements are in conformity with the Accounting Standard (AS) 21 “Consolidated Financial Statements” and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India and prescribed under section 133 of the Companies Act, 2013.

(c) As required by Schedule III, the Company has classified assets and liabilities into current and non-current based on the operating cycle as per the criteria set out in Schedule III to the Companies Act, 2013.

(d) The financial statements of the Company have been combined with its subsidiaries on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses and Joint ventures have been consolidated using proportionate consolidation method whereby the venturer's share of each of the assets, liabilities, income and expenses of the joint ventures is reported as separate line items in the financial statements. Adjustments / eliminations of inter-company balances, transactions including unrealised profits have been made.

(e) The consolidated financial statements have been prepared by using uniform accounting policies for like transactions and other events in similar circumstances in all material respect and are presented to the extent possible, in the same manner as the Company's standalone financial statements, unless otherwise stated.

(f) Considering that the accounts of the MHF and MHDI have been prepared in accordance with and in the manner prescribed by the regulations of the National Housing Bank and the Insurance Regulatory and Development Authority respectively and the lack of homogeneity of the business, the financial statements of the housing finance company and the general insurance company have been consolidated, to the extent possible in the format as adopted by the parent, as required by Accounting Standard (AS) 21 “Consolidated Financial Statements” and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India and prescribed under section 133 of Companies Act, 2013.

(g) The excess of cost to the parent company of its investment in the subsidiaries and joint ventures over the parent's portion of equity of the subsidiaries and joint ventures or vice versa is recognised in the consolidated financial statements as goodwill or capital reserve as the case may be. Goodwill arising on consolidation of a subsidiary or joint venture has been netted-off with the capital reserve of another subsidiary or joint venture and vice versa.

(h) Minority interest's share of net profit of the consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company.

Minority interest's share of net assets of the consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

(i) The financial statements of the subsidiaries and joint ventures used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2016.

Note: 2 (A) (Contd.)

(ii) Basis of preparation of consolidated financial statements

(a) The consolidated financial statements have been prepared and presented under the historical cost convention and on the accrual basis of accounting and comply with the Accounting Standards prescribed under section 133 of the companies Act 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 the relevant provisions of the Companies Act, 2013 (to the extent notified and applicable), the directions prescribed by the Reserve Bank of India for Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies, directions prescribed in the Housing Finance Companies (NHB) Directions, 2010 issued by the National Housing Bank, 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.

(b) No adjustments have been made to the financial statements of MHDI, the insurance joint venture on account of diverse accounting policies as the same, being insurance companies, have been prepared under a regulated environment in contrast to those of the Company and hence not practicable to do so. Also differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

(c) The accounting policies set out below have been applied consistently to the periods presented in these financial statements. The financial statements are presented in Indian rupees rounded off to the nearest lac upto two decimal places.

(d) An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The operating cycle is considered as 12 months for classification of current and non-current assets and liabilities as required by Schedule III of the Companies Act, 2013.

(iii) Use of estimates and judgements

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

(iv) Assets on finance

(a) Assets on finance includes assets given on finance / loan and amounts paid for acquiring financial assets including non-performing assets (NPAs) from other Banks / NBFCs.

(b) Assets on finance represents amounts receivable under finance / loan agreements and are valued at net investment amount including instalments due. The balance is also net of amounts securitised / assigned.

(v) Revenue recognition

(a) Interest / finance income from assets on finance / loan included in revenue from operations represents interest income arrived at based on Internal Rate of Return method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation.

(b) **Income on direct assignment / securitisation** :

The Company enters into arrangements for sale of loan receivables through direct assignment / securitisation. The said assets are de-recognised upon transfer of significant risks and rewards to the purchaser and on meeting the true sale criteria.

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

The Company recognises gain / excess interest spread on direct assignment / securitisation transactions in line with RBI circular "Revisions to the Guidelines on Securitisation Transactions" issued on 21 August 2012. Accordingly, direct assignment / securitisation transactions effected post issuance of the said guidelines are accounted as under:

(i) Gain / income realised on direct assignment / securitisation of loan receivables arising under premium structure is recognised over the tenure of securities issued by Special Purpose Vehicle (SPV) / agreements. Loss, if any, is recognised upfront.

(ii) EIS under par structure of securitisation / direct assignment of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by SPV / agreements. Loss, if any, is recognised upfront.

(c) Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(d) Upfront income / expense pertaining to loan origination is amortised over the tenure of the underlying loan contracts.

(e) Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognised in the statement of profit and loss over the lease term in proportion to the recognition of lease income.

Note: 2 (A) (Contd.)

(f) Overdue interest is treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

(g) In respect of NPAs acquired, recoveries in excess of consideration paid is recognised as income in accordance with RBI guidelines.

(h) Income from power generation is recognised based on the units generated as per the terms of the respective power purchase agreements with the respective State Electricity Boards.

(i) Income from dividend is accounted for on receipt basis.

(j) All other items of income are accounted for on accrual basis.

(vi) Provisions for non-performing assets (NPA) and doubtful debts

(a) Asset financing companies

Non-performing assets ('NPA') including loans and advances, receivables are identified as sub-standard / doubtful based on the tenor of default. The tenor is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning and meets the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 prescribed by Reserve Bank of India vide circular dated 10 November 2014 on Revised Regulatory Framework for Non-Banking Finance Companies (NBFCs) and the related notification dated 27 March 2015 (collectively referred to as ‘the framework’). These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

All contracts which as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from written off contracts are included in "Other Income".

(b) Housing finance companies

Loans are classified as per the Housing Finance Companies (NHB) Directions, 2010 into standard and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets based on criteria stipulated by NHB. Provisions and write-offs are carried out in accordance with the requirements of NHB guidelines. These provisioning norms are considered minimum and higher provision is made based on the perceived credit risk, wherever necessary.

All contracts with overdues for more than 51 months as well as those which, as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from written-off contracts are included in "Other income".

(vii) Fixed assets, intangible assets and capital work-in-progress

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long-term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

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

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

(viii) Depreciation and amortisation

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

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

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

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

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

Desktops	6 years
Laptops / Hand Held Device	4 years

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

(ix) Impairment

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

Note: 2 (A) (Contd.)

(x) Investments

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

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

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

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

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

(xi) Employee benefits

(a) Provident fund

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

(b) Gratuity

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

(c) Compensated absences

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

(xii) Employee stock option schemes

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

(xiii) Taxes on income

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

(a) Current tax

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

(b) Deferred tax

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

(c) Minimum alternative tax

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

Note: 2 (A) (Contd.)

(xiv) Provision

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

(a) Onerous Contracts

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

(b) Contingencies

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

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

(xv) Contingent liabilities and contingent assets

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

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

(xvi) Derivative transactions

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

(xvii) Borrowing costs

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

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

(xviii) Operating lease

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

(xix) Earnings per share

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

(xx) Cash and cash equivalents

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

Note: 2 (B)

SIGNIFICANT ACCOUNTING POLICIES - INSURANCE COMPANIES (TO THE EXTENT, DIFFERENT AND UNIQUE FROM THE PARENT) FOR THE YEAR ENDED 31 MARCH 2016

(i) Basis of preparation

The accompanying financial statements are drawn up in accordance with the Insurance Regulatory and Development Authority Act, 1999, The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, and orders and directions issued by IRDA in this behalf and the Regulations framed there under read with relevant provisions of The Insurance Act, 1938 and the provisions of the Companies Act, 2013. The financial statements have been prepared under historical cost convention and on accrual basis in accordance with the generally accepted accounting principles, in compliance with the Accounting Standard (AS) as prescribed under Section 133 of the Companies Act, 2013, to the extent applicable and confirm to the statutory provisions in regard to general insurance operations in India.

(ii) Revenue recognition

(a) Premium

Premium (net of service tax), on direct business and reinsurance accepted, is recognised as income over the contract period or the period of risk, whichever is appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are recognised in the year in which they occur.

(b) Premium / discount on purchase of investments

Accretion of discount and amortisation of premium relating to fixed income / debt securities is recognised over the holding / maturity period on a straight-line basis.

(c) Profit / loss on sale of securities

Profit or loss on sale / redemption of securities is recognised on trade date basis and includes effects of accumulated fair value changes, previously recognised for specific investments sold / redeemed during the year.

(d) Commission on reinsurance ceded

Commission on reinsurance ceded is recognised as income in the year in which reinsurance premium is ceded.

Profit commission under reinsurance treaties wherever applicable, is recognised on accrual basis. Any subsequent revisions of profit commission are recognised for in the year in which final determination of the profits are intimated by the reinsurers.

(iii) Reinsurance ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty agreements with the reinsurers. Any subsequent revision to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss reinsurance cover is accounted as per the terms of reinsurance agreements.

(iv) Reinsurance accepted

Reinsurance inward acceptance are accounted for on the basis of the statements received from the insurers.

(v) Acquisition costs

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts including reinsurance accepted and are expensed in the year in which they are incurred.

(vi) Premium received in advance

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.

(vii) Reserve for unexpired risk

Reserve for unexpired risks is made on the amount representing that part of the net premium written which is attributable to, and to be allocated to the succeeding accounting period based on the 1/365 days method as per IRDA Corrigendum on master circular no.IRDA/F&A/CIR/FA/126/07/2013 dated 03 July 2013, subject to a minimum of 100% in case of marine hull business and 50% in case of other business based on net premium written during the year as required by section 64 V (1) (ii) of the Insurance Act, 1938.

(viii) Premium deficiency

Premium deficiency is recognized if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to the subsequent accounting period as the reserve for unexpired risk. Expected claim costs duly certified by the Appointed Actuary are considered. Further, as per IRDA circular IRDA/F&A /CIR/FA/126/07/2013, dated 03 July 2013 (Corrigendum on Master Circular IRDA /F&I/CIR/F&A/231/10/2012, dated 05 October 2012), premium deficiency, if any, has been recognized for the Company as a whole.

(ix) Contributions to solatium fund

In accordance with the requirements of IRDA circular dated 18 March 2003 and based on the decision made by the General Insurance Council in its meeting held on 06 May 2005, the Company provides for contribution to Solatium Fund established by the Central Government as a percentage of gross written third party premiums for all motor policies written during the year ended 31 March 2015.

Note: 2 (B) (Contd.)

(x) Claims incurred

Claims incurred comprise claims paid (net of salvage and other recoveries), estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey / legal fees and other directly attributable costs.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

Estimated liability for outstanding claims at Balance Sheet date is recorded net of claims recoverable from/payable to co-insurers / reinsurers and salvage to the extent there is certainty of realisation.

Estimated liability for outstanding claims is determined by management on the basis of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revalidated on availability of further information.

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') is based on actuarial estimate duly certified by the appointed actuary of the Company. The methodology and assumptions on the basis of which the liability has been determined has also been certified by the Actuary to be appropriate, in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDA.

(xi) Investments

Investments are recorded on trade date at cost. Cost includes brokerage, transfer charges, transaction taxes as applicable, etc., and excludes pre-acquisition interest, if any.

(a) Classification

Investments maturing within twelve months from balance sheet date and investments made with the specific intention to dispose off within twelve months from balance sheet date are classified as short-term investments. Investments other than short-term investments are classified as long-term investments.

(b) Valuation

Debt securities

All debt securities are considered at historical cost adjusted for amortisation of premium or accretion of discount on straight line basis in the revenue accounts and profit and loss account over the period held to maturity holding.

The realised gain or loss on the securities is the difference between the sale consideration and the amortised cost in the books of the Company as on the date of sale determined on weighted average cost basis.

Mutual fund

Mutual fund units are stated at their Net Asset Value ('NAV') at the balance sheet date. Unrealised gains or losses are credited / debited to the fair value change account.

Fair value change account

Fair value change account represents unrealised gains or losses in respect of investments in mutual fund units outstanding at the close of the year. The balance in the account is considered as a component of shareholders' funds and not available for distribution as dividend.

Impairment of investment

The Company assesses at each balance sheet date whether there is any indication that any investment in units of mutual funds is impaired. If any such indication exists, the carrying value of such investment is reduced to its recoverable amount and the impairment loss is recognized in the revenue(s) / profit and loss account. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and investment is restated to that extent.

(xii) Allocation of income and expenses

(a) Investment Income has been allocated on the basis of the ratio of average balance of policyholder's funds, comprising reserves for unexpired risks, IBNR, IBNER and outstanding claims to average shareholders funds, comprising share capital less accumulated losses, preliminary expenses and miscellaneous expenses to the extent not written off or adjusted.

(b) Expenses which are directly attributable and identifiable to the business segments, are apportioned on actual basis.

(c) Expenses which are not directly identifiable though attributable to a class of business segments collectively are apportioned amongst the respective segments on gross written premium basis.

(d) Other allocable expenses are allocated on the basis of net earned premium.

(xiii) Foreign currency transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction. Monetary items denominated in foreign currencies at the year end are reinstated at the year end rates. Non-monetary foreign currency items are carried at cost. Any gain or loss on account of exchange difference either on settlement or on translation is recognized in the statement of profit and loss and revenue accounts as applicable.

For FY 2014-15

Note: 1
COMPANY OVERVIEW:
Magma Fincorp Limited (‘the Company’), incorporated and headquartered in Kolkata, India is a publicly held non-banking finance company and is registered as a Systemically Important Non Deposit taking Non-Banking Financial Company (‘NBFC’) as defined under section 45-IA of the Reserve Bank of India (RBI) Act, 1934. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange. The Company along with its subsidiaries and joint ventures, is engaged in providing asset finance, housing finance and general insurance business through its pan India branch network.

Note: 2 (A)
SIGNIFICANT ACCOUNTING POLICIES:
(i) Principles of consolidation

(a) Consolidated financial statements include result of Magma Fincorp Limited, the parent company, its subsidiaries and joint venture (collectively referred to as ‘the Group’). Consolidated financial statements are prepared as set out below:

Name of the company	Country of incorporation	Consolidated as
Magma Advisory Services Limited (MASL)	India	Subsidiary
Magma Housing Finance (A Company with unlimited liability) (MHF)	India	Step down subsidiary
Magma ITL Finance Limited (MITL)	India	Subsidiary
Jaguar Advisory Services Private Limited (JASPL)	India	Joint venture
Magma HDI General Insurance Company Limited (MHDI)	India	Joint venture

(b) The consolidated financial statements are in conformity with the Accounting Standard (AS) 21 “Consolidated Financial Statements” and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India and prescribed under section 133 of the Companies Act, 2013.

(c) As required by Schedule III, the Company has classified assets and liabilities into current and non-current based on the operating cycle as per the criteria set out in Schedule III to the Companies Act, 2013.

(d) The financial statements of the Company have been combined with its subsidiaries on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses and Joint ventures have been consolidated using proportionate consolidation method whereby the venturer's share of each of the assets, liabilities, income and expenses of the joint ventures is reported as separate line items in the financial statements. Adjustments / eliminations of inter-company balances, transactions including unrealised profits have been made.

(e) The consolidated financial statements have been prepared by using uniform accounting policies for like transactions and other events in similar circumstances in all material respect and are presented to the extent possible, in the same manner as the Company's standalone financial statements, unless otherwise stated.

(f) Considering that the accounts of the MHF and MHDI have been prepared in accordance with and in the manner prescribed by the regulations of the National Housing Bank and the Insurance Regulatory and Development Authority respectively and the lack of homogeneity of the business, the financial statements of the housing finance company and the general insurance company have been consolidated, to the extent possible in the format as adopted by the parent, as required by Accounting Standard (AS) 21 “Consolidated Financial Statements” and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India and prescribed under section 133 of Companies Act, 2013.

(g) The excess of cost to the parent company of its investment in the subsidiaries and joint ventures over the parent's portion of equity of the subsidiaries and joint ventures or vice versa is recognised in the consolidated financial statements as goodwill or capital reserve as the case may be.

(h) Minority interest's share of net profit of the consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company.

Minority interest's share of net assets of the consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

(i) The financial statements of the subsidiaries and joint ventures used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2015.

Note: 2 (A) (Contd.)

(ii) Basis of preparation of consolidated financial statements

(a) The consolidated financial statements have been prepared and presented under the historical cost convention and on the accrual basis of accounting and comply with the Accounting Standards prescribed under section 133 of the companies Act 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 the relevant provisions of the Companies Act, 2013 (to the extent notified and applicable), the directions prescribed by the Reserve Bank of India for Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies, directions prescribed in the Housing Finance Companies (NHB) Directions, 2010 issued by the National Housing Bank and the guidelines issued by the Securities and Exchange Board of India (SEBI) to the extent applicable. In case of Magma HDI General Insurance Company Limited, the financial statement are drawn up in accordance with the Insurance Regulatory and Development Authority Act (IRDA), 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002, and order and direction issued by IRDA in this behalf and the regulations framed there under read with relevant provisions of the Insurance Act, 1938 to the extent possible.

(b) No adjustments have been made to the financial statements of MHDI, the insurance joint venture on account of diverse accounting policies as the same, being insurance companies, have been prepared under a regulated environment in contrast to those of the Company and hence not practicable to do so. Also differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

(c) The accounting policies set out below have been applied consistently to the periods presented in these financial statements. The financial statements are presented in Indian rupees rounded off to the nearest lac upto two decimal places.

(d) An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The operating cycle is considered as 12 months for classification of current and non-current assets and liabilities as required by Schedule III of the Companies Act, 2013.

(iii) Use of estimates and judgements

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

(iv) Assets on finance

(a) Assets on finance includes assets given on finance / loan and amounts paid for acquiring financial assets including non-performing assets (NPAs) from other Banks / NBFCs.

(b) Assets on finance represents amounts receivable under finance / loan agreements and are valued at net investment amount including instalments due. The balance is also net of amounts securitised / assigned.

(v) Revenue recognition

(a) Interest / finance income from assets on finance / loan included in revenue from operations represents interest income arrived at based on Internal Rate of Return method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation.

(b) **Income on direct assignment / securitisation** :

The Company enters into arrangements for sale of loan receivables through direct assignment / securitisation. The said assets are de-recognised upon transfer of significant risks and rewards to the purchaser and on meeting the true sale criteria.

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

The Company recognises gain / excess interest spread on direct assignment / securitisation transactions in line with RBI circular "Revisions to the Guidelines on Securitisation Transactions" issued on 21 August 2012. Accordingly, direct assignment / securitisation transactions effected post issuance of the said guidelines are accounted as under:

(i) Gain / income realised on direct assignment / securitisation of loan receivables arising under premium structure is recognised over the tenure of securities issued by Special Purpose Vehicle (SPV) / agreements. Loss, if any, is recognised upfront.

(ii) EIS under par structure of securitisation / direct assignment of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by SPV / agreements. Loss, if any, is recognised upfront.

(c) Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(d) Upfront income / expense pertaining to loan origination is amortised over the tenure of the underlying loan contracts.

(e) Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognised in the statement of profit and loss over the lease term in proportion to the recognition of lease income.

Note: 2 (A) (Contd.)

(f) Overdue interest is treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

(g) In respect of NPAs acquired, recoveries in excess of consideration paid is recognised as income in accordance with RBI guidelines.

(h) Income from power generation is recognised based on the units generated as per the terms of the respective power purchase agreements with the respective State Electricity Boards.

(i) Income from dividend is accounted for on receipt basis.

(j) All other items of income are accounted for on accrual basis.

(vi) Provisions for non-performing assets (NPA) and doubtful debts

(a) Asset financing companies

Non-performing assets ('NPA') including loans and advances, receivables are identified as sub-standard / doubtful based on the tenor of default. The tenor is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning and meets the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 prescribed by Reserve Bank of India vide circular dated 10 November 2014 on Revised Regulatory Framework for Non-Banking Finance Companies (NBFCs) and the related notification dated 27 March 2015 (collectively referred to as 'the framework'). These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

All contracts which as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from written off contracts are included in "Other Income".

(b) Housing finance companies

Loans are classified as per the Housing Finance Companies (NHB) Directions, 2010 into standard and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets based on criteria stipulated by NHB. Provisions and write-offs are carried out in accordance with the requirements of NHB guidelines. These provisioning norms are considered minimum and higher provision is made based on the perceived credit risk, wherever necessary.

All contracts with overdues for more than 51 months as well as those which, as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts. Recoveries made from written-off contracts are included in "Other income".

(vii) Fixed assets, intangible assets and capital work-in-progress

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long-term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

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

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

(viii) Depreciation and amortisation

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

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

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

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

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

Desktops	6 years
Laptops / Hand Held Device	4 years

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

(ix) Impairment

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

Note: 2 (A) (Contd.)

(x) Investments

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

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

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

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

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

(xi) Employee benefits

(a) Provident fund

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

(b) Gratuity

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

(c) Compensated absences

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

(xii) Employee stock option schemes

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

(xiii) Taxes on income

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

(a) Current tax

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

(b) Deferred tax

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

(c) Minimum alternative tax

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

Note: 2 (A) (Contd.)

(xiv) Provision

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

(a) Onerous Contracts

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

(b) Contingencies

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

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

(xv) Contingent liabilities and contingent assets

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

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

(xvi) Derivative transactions

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

(xvii) Borrowing costs

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

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

(xviii) Operating lease

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

(xix) Earnings per share

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

(xx) Cash and cash equivalents

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

Note: 2 (B)

SIGNIFICANT ACCOUNTING POLICIES - INSURANCE COMPANIES (TO THE EXTENT, DIFFERENT AND UNIQUE FROM THE PARENT) FOR THE YEAR ENDED 31 MARCH 2015

(i) Basis of preparation

The accompanying financial statements are drawn up in accordance with the Insurance Regulatory and Development Authority Act, 1999, The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, and orders and directions issued by IRDA in this behalf and the Regulations framed there under read with relevant provisions of The Insurance Act, 1938 and the provisions of the Companies Act, 2013. The financial statements have been prepared under historical cost convention and on accrual basis in accordance with the generally accepted accounting principles, in compliance with the Accounting Standard (AS) as prescribed under Section 133 of the Companies Act, 2013, to the extent applicable and confirm to the statutory provisions in regard to general insurance operations in India.

(ii) Revenue recognition

(a) Premium

Premium (net of service tax), on direct business and reinsurance accepted, is recognised as income over the contract period or the period of risk, whichever is appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are recognised in the year in which they occur.

(b) Premium / discount on purchase of investments

Accretion of discount and amortisation of premium relating to fixed income / debt securities is recognised over the holding / maturity period on a straight-line basis.

(c) Profit / loss on sale of securities

Profit or loss on sale / redemption of securities is recognised on trade date basis and includes effects of accumulated fair value changes, previously recognised for specific investments sold / redeemed during the year.

(d) Commission on reinsurance ceded

Commission on reinsurance ceded is recognised as income in the year in which reinsurance premium is ceded.

Profit commission under reinsurance treaties wherever applicable, is recognised on accrual basis. Any subsequent revisions of profit commission are recognised for in the year in which final determination of the profits are intimated by the reinsurers.

(iii) Reinsurance ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty agreements with the reinsurers. Any subsequent revision to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss reinsurance cover is accounted as per the terms of reinsurance agreements.

(iv) Reinsurance accepted

Reinsurance inward acceptance are accounted for on the basis of the statements received from the insurers.

(v) Acquisition costs

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts including reinsurance accepted and are expensed in the year in which they are incurred.

(vi) Premium received in advance

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.

(vii) Reserve for unexpired risk

Reserve for unexpired risks is made on the amount representing that part of the net premium written which is attributable to, and to be allocated to the succeeding accounting period based on the 1/365 days method as per IRDA Corrigendum on master circular no.IRDA/F&A/CIR/FA/126/07/2013 dated 03 July 2013, subject to a minimum of 100% in case of marine hull business and 50% in case of other business based on net premium written during the year as required by section 64 V (1) (ii) of the Insurance Act, 1938.

(viii) Premium deficiency

Premium deficiency is recognized if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to the subsequent accounting period as the reserve for unexpired risk. Expected claim costs duly certified by the Appointed Actuary are considered. Further, as per IRDA circular IRDA/F&A /CIR/FA/126/07/2013, dated 03 July 2013 (Corrigendum on Master Circular IRDA /F&I/CIR/F&A/231/10/2012, dated 05 October 2012), premium deficiency, if any, has been recognized for the Company as a whole.

(ix) Contributions to solatium fund

In accordance with the requirements of IRDA circular dated 18 March 2003 and based on the decision made by the General Insurance Council in its meeting held on 06 May 2005, the Company provides for contribution to Solatium Fund established by the Central Government as a percentage of gross written third party premiums for all motor policies written during the year ended 31 March 2015.

Note: 2 (B) (Contd.)

(x) Claims incurred

Claims incurred comprise claims paid (net of salvage and other recoveries), estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey / legal fees and other directly attributable costs.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

Estimated liability for outstanding claims at Balance Sheet date is recorded net of claims recoverable from/payable to co-insurers / reinsurers and salvage to the extent there is certainty of realisation.

Estimated liability for outstanding claims is determined by management on the basis of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revalidated on availability of further information.

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') is based on actuarial estimate duly certified by the appointed actuary of the Company. The methodology and assumptions on the basis of which the liability has been determined has also been certified by the Actuary to be appropriate, in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDA.

(xi) Investments

Investments are recorded on trade date at cost. Cost includes brokerage, transfer charges, transaction taxes as applicable, etc., and excludes pre-acquisition interest, if any.

(a) Classification

Investments maturing within twelve months from balance sheet date and investments made with the specific intention to dispose off within twelve months from balance sheet date are classified as short-term investments. Investments other than short-term investments are classified as long-term investments.

(b) Valuation

Debt securities

All debt securities are considered at historical cost adjusted for amortisation of premium or accretion of discount on straight line basis in the revenue accounts and profit and loss account over the period held to maturity holding.

The realised gain or loss on the securities is the difference between the sale consideration and the amortised cost in the books of the Company as on the date of sale determined on weighted average cost basis.

Mutual fund

Mutual fund units are stated at their Net Asset Value ('NAV') at the balance sheet date. Unrealised gains or losses are credited / debited to the fair value change account.

Fair value change account

Fair value change account represents unrealised gains or losses in respect of investments in mutual fund units outstanding at the close of the year. The balance in the account is considered as a component of shareholders' funds and not available for distribution as dividend.

Impairment of investment

The Company assesses at each balance sheet date whether there is any indication that any investment in units of mutual funds is impaired. If any such indication exists, the carrying value of such investment is reduced to its recoverable amount and the impairment loss is recognized in the revenue(s) / profit and loss account. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and investment is restated to that extent.

(xii) Allocation of income and expenses

(a) Investment Income has been allocated on the basis of the ratio of average balance of policyholder's funds, comprising reserves for unexpired risks, IBNR, IBNER and outstanding claims to average shareholders funds, comprising share capital less accumulated losses, preliminary expenses and miscellaneous expenses to the extent not written off or adjusted.

(b) Expenses which are directly attributable and identifiable to the business segments, are apportioned on actual basis.

(c) Expenses which are not directly identifiable though attributable to a class of business segments collectively are apportioned amongst the respective segments on gross written premium basis.

(d) Other allocable expenses are allocated on the basis of net earned premium.

(xiii) Foreign currency transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction. Monetary items denominated in foreign currencies at the year end are reinstated at the year end rates. Non-monetary foreign currency items are carried at cost. Any gain or loss on account of exchange difference either on settlement or on translation is recognized in the statement of profit and loss and revenue accounts as applicable.

For FY 2013-14

Note: 1
COMPANY OVERVIEW:
Magma Fincorp Limited ('the Company' or 'the Group'), incorporated and headquartered in Kolkata, India is a publicly held non-banking finance company and is registered as a systemically important non deposit taking Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange. The Company along with its subsidiaries and joint ventures, is engaged in providing asset finance, housing finance and general insurance business through its pan India branch network.

Note: 2 (A)
SIGNIFICANT ACCOUNTING POLICIES:
(i) Principles of consolidation

(a) Consolidated financial statements include result of Magma Fincorp Limited, the parent company, its subsidiaries and joint venture (collectively referred to as 'the Group'). Consolidated financial statements are prepared as set out below:

Name of the company	Country of incorporation	Consolidated as
Magma Advisory Services Limited (MASL)	India	Subsidiary
Magma Housing Finance (A Company with unlimited liability) (MHF) (Housing finance company)	India	Step down subsidiary
Magma ITL Finance Limited (MITL)	India	Subsidiary
Jaguar Advisory Services Private Limited (JASPL)	India	Joint venture
Magma HDI General Insurance Company Limited (MHDI) (General insurance company)	India	Joint venture

(b) The consolidated financial statements are in conformity with the Accounting Standard (AS) 21 "Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India and notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956.

(c) As required by Revised Schedule VI, the Company has classified assets and liabilities into current and non-current based on the operating cycle as per the criteria set out in Revised Schedule VI to the Companies Act, 1956.

(d) The financial statements of the parent company have been combined with its subsidiaries on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses, Joint ventures have been consolidated using proportionate consolidation method whereby the venturer's share of each of the assets, liabilities, income and expenses of the joint ventures is reported as separate line items in the financial statements. Adjustments / eliminations of inter-company balances, transactions including unrealised profits have been made.

(e) The consolidated financial statements have been prepared by using uniform accounting policies for like transactions and other events in similar circumstances in all material respect and are presented to the extent possible, in the same manner as the Company's standalone financial statements unless otherwise stated.

(f) Considering that the accounts of the Housing finance company and General insurance company have been prepared in accordance with and in the manner prescribed by the regulations of the National Housing Board and the Insurance Regulatory & Development Authority respectively and the lack of homogeneity of the business, the financial statements of the Housing Company and the Insurance Company have been consolidated, to the extent possible in the format as adopted by the parent, as required by Accounting Standard (AS) 21 "Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India and notified by Central Government of India u/s 211 (3C) of Companies Act, 1956.

(g) The excess of cost to the parent company of its investment in the subsidiaries and joint ventures over the parent's portion of equity of the subsidiaries and joint ventures or vice versa is recognised in the consolidated financial statements as Goodwill or Capital reserve as the case may be.

(h) Minority interest's share of net profit of the consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company.

Minority interest's share of net assets of the consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

(i) The Financial Statements of the Subsidiaries and Joint Ventures used in the Consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2014.

Note: 2 (A) (Contd.)

(ii) Basis of Preparation of Financial Statements

(a) The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 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, 1999, the Insurance Regulatory and Development Authority (IRDA) (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002 and order and direction issued by IRDA in this behalf and the regulations framed there under read with relevant provisions of the Insurance Act, 1938 to the extent possible.

(b) No adjustments have been made to the financial statements of the insurance joint venture on account of diverse accounting policies as the same, being insurance companies, have been prepared under a regulated environment in contrast to those of the Company and hence not practicable to do so. Also differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

(c) The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(d) The Company complies with the directions issued by the Reserve Bank of India (RBI) for Non-Banking Financial (Non-Deposit Accepting or Holding) Companies (NBFC-ND), relevant provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 and the applicable Accounting Standards prescribed by the Companies (Accounting Standard) Rules, 2006 issued by the Central Government of India and the guidelines issued by the Securities and Exchange Board of India (SEBI) to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest lac upto two decimal places.

(e) As required by revised Schedule VI of the Companies Act, 1956, the Company has classified assets and liabilities into current and non-current based on the operating cycle. An operating cycle is the time between the acquisition of assets and their realisation in cash or cash equivalents. Since in case of non-banking financial company normal operating cycle is not applicable, the operating cycle has been considered as 12 months.

(iii) Use of estimates and judgements

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

(iv) Assets on finance

(a) Assets on finance include assets given on finance / loan and amounts paid for acquiring financial assets including non-performing assets (NPAs) from other Banks / NBFCs.

(b) Assets on finance represents amounts receivable under finance / loan agreements and are valued at net investment amount including instalments due. The balance is also net of amounts securitised / assigned.

(v) Revenue recognition

(a) Interest / finance income from assets on finance / loan included in revenue from operations represents interest income arrived at based on Internal Rate of Return method. Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation.

(b) **Income on direct assignment / securitisation** :

The Company enters into arrangements for sale of loan receivables through direct assignment / securitisation. The said assets are de-recognised upon transfer of significant risks and rewards to the purchaser and on meeting the true sale criteria.

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

The Company recognises gain / excess interest spread on direct assignment / securitisation transactions in line with RBI circular “Revisions to the Guidelines on Securitisation Transactions” issued on 21 August 2012. Prior to the issuance of circular, the Company used to follow Accounting Standard (AS) 1 on ‘Disclosure of Accounting Policies’, which requires recognition of income on accrual basis.

Accordingly, direct assignment / securitisation transactions effected post issuance of the said guidelines are accounted as under:

(a) Gain / income realised on direct assignment / securitisation of loan receivables arising under premium structure is recognised over the tenure of securities issued by Special Purpose Vehicle (SPV) / agreements. Loss, if any, is recognised upfront.

(b) EIS under par structure of securitisation / direct assignment of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by SPV / agreements. Loss, if any, is recognised upfront.

(c) Upfront direct income (net) of direct costs pertaining to loan origination is amortised over the tenure of the underlying loan contracts.

(d) Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognised in the statement of profit and loss over the lease term in proportion to the recognition of lease income.

Note: 2 (A) (Contd.)

(e) Overdue interest is treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly.

(f) In respect of NPAs acquired, recoveries in excess of consideration paid is recognised as income in accordance with RBI guidelines.

(g) Income from power generation is recognised based on the units generated as per the terms of the respective power purchase agreements with the respective State Electricity Boards.

(h) Income from dividend is accounted for on receipt basis.

(i) All other items of income are accounted for on accrual basis.

(vi) Provisions for non-performing assets (NPA) and doubtful debts

(a) Asset financing companies

Non-performing assets ('NPA') including loans and advances, receivables are identified as bad / doubtful based on the duration of the delinquency. The duration is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning and meets the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended and prescribed by Reserve Bank of India from time to time. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

The Company classifies non-performing assets at 4 months (120 days) and commences provisioning based on the draft RBI guidelines released on 12 December 2012. The provisioning norm adopted is summarised in the table below:

Asset Classification	**Arrear Period**	**Provision as per current RBI norms for NBFCs**		**Provision / write-off policy followed by the Company**	
		Secured	**Un-Secured**	**Secured**	**Un-Secured**
Standard	Less than 4 months	0.25%	0.25%	0.30%	0.30%
Sub-standard	> 4 months to 6 months	0.25%	0.25%	15%	25%
	> 6 months to 16 months	10%	10%	15%	25%
Doubtful	> 16 months to 24 months	10%	10%	25%	100%
	> 24 months to 28 months	20%	100%	25%	100%
	> 28 months to 36 months	20%	100%	40%	100%
	> 36 months to 52 months	30%	100%	40%	100%
	> 52 months to 60 months	30%	100%	100%	100%
	> 60 months	50%	100%	100%	100%
Loss		100%	100%	100%	100%

All contracts with overdues for more than 52 months as well as those which, as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts.

The aforesaid provisioning policy followed by the Company is more stringent than the applicable guidelines prescribed by the Reserve Bank of India.

(b) Housing finance companies

Loans are classified as per the Housing Finance Companies (NHB) Directions, 2010 into standard and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets based on criteria stipulated by NHB. Provisions and write offs are carried out in accordance with the requirements of NHB guidelines and recognises non-performing assets and commences provisioning at 90 days. These provisioning norms are considered minimum and higher provision is made based on the perceived credit risk wherever necessary.

All contracts with overdues for more than 51 months as well as those which, as per the management are not likely to be recovered are considered as loss assets and written-off as bad debts.

(vii) Fixed assets, intangible assets and capital work-in-progress

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long-term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

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

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

(viii) Depreciation and amortisation

Depreciation on fixed assets, including assets on operating lease is provided using the straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

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

Depreciation on vehicles given on operating lease is provided on straight line method at rates based on tenure of the underlying lease contracts.

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

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

Note: 2 (A) (Contd.)

(ix) Impairment

Goodwill, intangible assets which are amortised over a period exceeding ten years and intangible assets which are not yet available for use are tested for impairment annually. Other fixed assets (tangible and intangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible asset mandatorily tested annually for impairment, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill is allocated to CGUs only when the allocation can be done on a reasonable and consistent basis. If this requirement is not met for a specific CGU under review, the smallest CGU to which the carrying amount of goodwill can be allocated on a reasonable and consistent basis is identified and the impairment testing carried out at that level.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in profit or loss. However, an impairment loss on a revalued asset is recognised directly against any revaluation surplus to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. For assets other than goodwill, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the statement of profit and loss; however, in the case of revalued assets, the reversal is credited directly to revaluation surplus except to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statement of profit and loss. Impairment loss recognised for goodwill is not reversed in a subsequent period unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of that event.

(x) Investments

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

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

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

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

(xi) Employee benefits

(a) Provident fund

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

(b) Gratuity

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

(c) Compensated absences

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

(xii) Employee stock option schemes

The excess of the market price of shares, at the date of grant of options under the Employee Stock Option Schemes of the Company, over the exercise price is regarded as employee compensation, and recognised on a straight-line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

Note: 2 (A) (Contd.)

(xiii) Taxes on income

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

(a) Current tax

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

(b) Deferred tax

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

(c) Minimum alternative tax

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

(xiv) Provision

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

(a) Onerous Contracts

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

(b) Contingencies

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

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

(xv) Contingent liabilities and contingent assets

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

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

(xvi) Derivative transactions

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

(xvii) Borrowing costs

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

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

Note: 2 (A) (Contd.)

(xviii) Operating leases

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

(xix) Earnings per share

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

In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit / loss per share are included.

(xx) Cash and cash equivalents

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

Note: 2 (B)

SIGNIFICANT ACCOUNTING POLICIES - INSURANCE COMPANIES (TO THE EXTENT, DIFFERENT AND UNIQUE FROM THE PARENT) FOR THE YEAR ENDED 31 MARCH 2014

(i) Basis of preparation

The accompanying financial statements are drawn up in accordance with the Insurance Regulatory and Development Authority Act, 1999, The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, and orders and directions issued by IRDA in this behalf and the Regulations framed there under read with relevant provisions of The Insurance Act, 1938 and The Companies Act, 1956 to the extent applicable. The financial statements have been prepared under historical cost convention and on accrual basis in accordance with the generally accepted accounting principles, in compliance with the Accounting Standard (AS) as prescribed in the Companies (Accounting Standard) Rules 2006 to the extent applicable and confirm to the statutory provisions in regard to general insurance operations in India.

(ii) Revenue recognition

(a) Premium

Premium net of service tax is recognised as income over the contract period or the period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premium are accounted for in the year in which they occur.

(b) Premium / discount on purchase of investments

Accretion of discount and amortisation of premium relating to fixed income / debt securities is recognised over the holding / maturity period on a straight-line basis. Cost of investments is determined on weighted average cost basis.

(c) Profit / loss on sale of securities

Profit or loss on sale / redemption of securities is recognised on trade date basis and includes effects of accumulated fair value changes, previously recognised for specific investments sold / redeemed during the year.

(d) Commission on reinsurance ceded

Commission income on reinsurance cessions is recognised as income in the period in which reinsurance premium is ceded.

Profit commission under reinsurance treaties wherever applicable, is recognised on accrual. Any subsequent revisions of profit commission are recognised for in the year in which final determination of the profits are intimated by reinsurers

(iii) Reinsurance ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty agreements with the reinsurers. Any subsequent revision to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance agreements.

(iv) Acquisition costs

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts are expensed in the period in which they are incurred

Note: 2 (B) (Contd.)

(v) Premium received in advance

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.

(vi) Reserve for unexpired risk

Reserve for unexpired risk is made on the amount representing that part of the net premium written which is attributable to, and to be allocated to the succeeding accounting periods, subject to the provisions of requirements under Section 64V (1) (ii) (b) of the Insurance Act, 1938. Reserve for unexpired risk is made at 100% of net premium for marine hull business and 50% of net premium for other class of business

(vii) Premium deficiency

Premium deficiency is recognised if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to the subsequent accounting period as the reserve for unexpired risk. Premium deficiency is calculated by line of business as per IRDA circular F&A/CIR/017/May 04 dated 18 May 2004. The Company considers maintenance as relevant direct costs incurred for ensuring claim handling operations.

(viii) Claims incurred

Claims incurred comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey / legal fees and other directly attributable costs.

Claims (net of amounts receivable from re-insurers/co-insurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

Estimated liability for outstanding claims at balance sheet date is recorded net of claims recoverable from/payable to co-insurers/reinsurers and salvage to the extent there is certainty of realisation.

Estimated liability for outstanding claims is determined by management on the basis of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revalidated on availability of further information.

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') is based on actuarial estimate duly certified by the appointed actuary of the Company.

(ix) Investments

Investments are recorded on trade date at cost. Cost includes brokerage, transfer charges, transaction taxes as applicable, etc., and excludes pre-acquisition interest, if any.

(a) Classification

Investments maturing within twelve months from balance sheet date and investments made with the specific intention to dispose off within twelve months from balance sheet date are classified as short-term investments. Investments other than short-term investments are classified as long-term investments.

(b) Valuation

Debt Securities

All debt securities are considered at historical cost adjusted for amortisation of premium or accretion of discount on straight line basis in the revenue accounts and profit and loss account over the period held to maturity holding.

The realised gain or loss on the securities is the difference between the sale consideration and the amortised cost in the books of the Company as on the date of sale determined on weighted average cost basis.

Mutual Fund

Mutual fund units are stated at their Net Asset Value ('NAV') at the balance sheet date. Unrealised gains or losses are credited / debited to the fair value change account.

Fair Value Change Account

Fair value change account represents unrealised gains or losses in respect of investments in equity securities, derivative instruments and mutual fund units outstanding at the close of the year. The balance in the account is considered as a component of shareholders' funds and not available for distribution as dividend.

Impairment of Investment

The Company assesses at each balance sheet date whether there is any indication that any investment in equity or units of mutual funds is impaired. If any such indication exists, the carrying value of such investment is reduced to its recoverable amount and the impairment loss is recognised in the revenue(s)/profit and loss account. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and investment is restated to that extent.

(₹ in Lacs)

		As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 3						
SHARE CAPITAL						
Authorised						
1,265,000,000	(2017,2016, 2015, 2014: 265,000,000)Equity shares of ₹ 2/- each	25,300.00	5,300.00	5,300.00	5,300.00	5,300.00
58,300,000	(2017, 2016, 2015, 2014: 54,300,000)Preference shares of ₹ 100/- each	58,300.00	54,300.00	54,300.00	54,300.00	54,300.00
-	(2017, 2016, 2015, 2014: 40,000,000) Preference shares of ₹ 10/- each	-	4,000.00	4,000.00	4,000.00	4,000.00
		83,600.00	**63,600.00**	**63,600.00**	**63,600.00**	**63,600.00**
Issued, subscribed and paid-up						
Equity share capital						
237,028,672	(2017: 236,959,672), (2016: 236,828,672), (2015: 190,425,875), (2014:190,119,975) Equity shares of ₹ 2/- each, fully paid up.	4,740.57	4,739.19	4,736.57	3,808.52	3,802.40
Preference share capital						
-	(2014: 2,109,199) 9.70% Cumulative non-convertible redeemable preference shares of ₹ 100 each (paid-up value per share reduced to ₹ NIL on redemption of five annual installments of ₹ 20 each per share).	-	-	-	-	421.84
	Allotted at par on 17 February 2006 and redeemable at par in five equal annual installments starting at the end of 5 years from the date of allotment i.e. 17 February 2011 till all the preference shares are redeemed which is at the end of 9th year from the date of allotment i.e. 17 February 2015.					
-	(2016, 2015, 2014: 6,500,999) 6 months US Dollar Libor plus 3.25% Cumulative non-convertible redeemable preference shares of ₹100 each (paid-up value per share reduced to ₹ Nil on redemption of fifth and final annual installments of ₹ 20/- each per share).	-	-	1,300.20	2,600.40	3,900.60
	Allotted at par on 26 March 2007 and redeemable at par in US Dollar over five equal annual installments of US Dollar 3 million each, for the first time on 1 April 2012 until all preference shares are redeemed i.e. 1 April 2016.					
-	(2015, 2014: 1,000,000) 9.60% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up.	-	-	-	1,000.00	1,000.00
	Allotted at par on 19 June 2010 and redeemed at the end of 5 years i.e. 19 June 2015 along with a redemption premium equal to 25% of the consideration.					
-	(2015, 2014: 2,500,000) 12.00% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up.	-	-	-	2,500.00	2,500.00
	Allotted at par on 30 June 2010 and redeemed at par at the end of 5 years i.e. 30 June 2015.					
-	(2015, 2014: 3,600,000) 11.00% Cumulative non-convertible redeemable preference shares of ₹ 100/- each fully paid up.	-	-	-	3,600.00	3,600.00
	Allotted at par on 12 November 2012 and redeemed at par at the end of 3 years i.e. 11 November 2015.					
-	(2015, 2014: 35,555,556) 0.01% Non-redeemable non-cumulative non-participating compulsorily convertible preference shares of ₹ 10/- each fully paid up.*	-	-	-	3,555.56	3,555.56
	Allotted at a premium of ₹ 35/- each on 5 February 2013 and compulsorily convertible after 10 years i.e. 4 February 2023. The resultant equity shares to be issued and allotted upon exercise of right attached to these preference shares shall rank pari passu in all respects with the then existing equity shares of the Company.					
		4,740.57	**4,739.19**	**6,036.77**	**17,064.48**	**18,780.40**

* On 9 February 2016, the Company has purchased 100% of non-redeemable non-cumulative non-participating compulsorily convertible preference shares issued by Magma Advisory Services Ltd, a wholly-equity-owned subsidiary, from Celica Developers Private Limited for ₹ 24,888.89 lacs.

Note: 3 Share Capital (Contd.)

Reconciliation of the number of shares outstanding and the amount of share capital (₹ in Lacs)

	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Equity shares										
Opening balance	236,959,672	4,739.19	236,828,672	4,736.57	190,425,875	3,808.52	190,119,975	3,802.40	189,956,775	3,799.14
Equity shares issued during the year vide preferential issue	-	-	-	-	46,296,297	925.92	-	-	-	-
Equity shares issued on exercise of ESOPs during the year	69,000	1.38	131,000	2.62	106,500	2.13	305,900	6.12	163,200	3.26
Closing balance	**237,028,672**	**4,740.57**	**236,959,672**	**4,739.19**	**236,828,672**	**4,736.57**	**190,425,875**	**3,808.52**	**190,119,975**	**3,802.40**
Preference shares										
Opening balance	-	-	6,500,999	1,300.20	49,156,555	13,255.96	51,265,754	14,978.00	54,265,754	19,700.04
6 months US Dollar Libor plus 3.25% preference shares redeemed during the year (20% annually)	-	-	(6,500,999)	(1,300.20)	-	(1,300.20)	-	(1,300.20)	-	(1,300.20)
0.01% Non-redeemable non-cumulative non-participating compulsorily convertible preference shares - purchased by holding company	-	-	-	-	(35,555,556)	(3,555.56)	-	-	-	-
9.60 % Preference shares redeemed during the year	-	-	-	-	(1,000,000)	(1,000.00)	-	-	-	-
12.00% Preference shares redeemed during the year	-	-	-	-	(2,500,000)	(2,500.00)	-	-	-	-
11.00% Preference shares issued/ (redeemed) during the year	-	-	-	-	(3,600,000)	(3,600.00)	-	-	-	-
5.00% Preference shares redeemed during the year	-	-	-	-	-	-	-	-	(3,000,000)	(3,000.00)
9.70% Preference shares redeemed during the year (20% annually)	-	-	-	-	-	-	(2,109,199)	(421.84)	-	(421.84)
Closing balance	**-**	**-**	**-**	**-**	**6,500,999**	**1,300.20**	**49,156,555**	**13,255.96**	**51,265,754**	**14,978.00**

For FY 2017-18

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

The Company declares and pays dividend on equity shares in Indian rupees.

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, the Company has allotted on 10 May 2017 and 31 January 2018, 14,000 equity shares and 55,000 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 12 April 2018, the Company has allotted 3,22,58,064 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 26,92,86,736 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 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 alloted post 31 March 2018, pursuant to Qualified Institutional Placement (QIP) and ESOP scheme. Total dividend on 26,92,86,736 equity shares for the year ended 31 March 2018 would amount to ₹ 2,597.11 lacs including corporate dividend tax of ₹ 442.82 lacs, subject to approval of shareholders.

Preference shares

The Company declares and pays dividend on preference shares in both Indian rupees and foreign currencies.

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

For the financial year ended 31 March 2017, the Company has recommended dividend based on the 6 months US Dollar Libor applicable as on 30 December 2016 and closing exchange rate applicable as on 31 March 2017 and which was liable to vary depending on the actual date of payment of the dividend. Accordingly, the excess dividend and tax thereon of ₹ 0.90 lacs (2017: ₹ 2.50 lacs) has been provided with respect to above preference shares for the previous financial year ended 31 March 2017 in the current financial year.

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.

For FY 2016-17

Equity shares

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

The Company declares and pays dividend on equity shares in Indian rupees.

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.

In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated dividend on shares on recommendation of the Board and would record the same as a liability on the date of approval by the shareholders at the ensuing Annual General Meeting. However, the proposed dividend as at 31 March 2016 was accounted for as liability in accordance with the then existing Accounting Standard.

During the year, the Company has allotted on 13 August 2016 and 08 February 2017, 90,000 equity shares and 26,000 equity shares respectively of the face value of ₹ 2/- each to the eligible employees of the Company and on 26 April 2016, 15,000 equity shares of the face value of ₹ 2/- each to an eligible ex-employee 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 236,959,672 equity shares of ₹ 2/- each aggregating to ₹ 4,739.19 lacs.

During the year ended 31 March 2017, 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. Total dividend on 236,959,672 equity shares for the year ended 31 March 2017 would amount to ₹ 2,281.59 lacs including corporate dividend tax of ₹ 385.92 lacs.

Note: 3 Share Capital (Contd.)

Preference shares

The Company declares and pays dividend on preference shares in both Indian rupees and foreign currencies.

6,500,999 cumulative non-convertible redeemable preference shares of ₹ 100/- each aggregating to ₹ 6,501.00 lacs (equivalent to USD 15 Million) allotted at par on 26 March 2007 are entitled to fixed dividend at the rate equivalent to 6 months US Dollar Libor applicable on the respective dates i.e. 30 December or 29 June depending upon the actual date of payment plus 3.25% on subscription amount of USD 15 Million.

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

In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated dividend on shares on recommendation of the Board and would record the same as a liability on the date of approval by the shareholders at the ensuing Annual General Meeting. However, the proposed dividend as at 31 March 2016 was accounted for as liability in accordance with the then existing Accounting Standard.

For the financial year ended 31 March 2016, the Company has provided for dividend in financial statements based on the 6 months US Dollar Libor applicable as on 30 December 2015 and closing exchange rate applicable as on 31 March 2016 and which was liable to vary depending on the actual date of payment of the dividend. Accordingly, the excess dividend and tax thereon of ₹ 2.50 lacs (2016: ₹ 7.30 lacs) provided with respect to above preference shares for the previous financial year ended 31 March 2016 has been adjusted in the current year with consequent impact on earnings per share for the year.

The Company has redeemed ₹ 1,300.20 lacs being fifth and final annual installment of ₹ 20/- per share in respect of 6,500,999 cumulative non-convertible redeemable preference shares of ₹ 100/- per share on 04 April 2016. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

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.

For FY 2015-16

Equity shares

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

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

During the year, the Board of Directors at their meeting held on 08 May 2015 allotted 4,62,96,297 equity shares at a price of ₹ 108/- each aggregating to ₹ 50,000 lacs, including a premium of ₹ 106/- per share to Zend Mauritius VC Investments, Ltd, Indium V (Mauritius) Holdings Limited, LeapFrog Financial Inclusion India Holdings Limited on preferential basis under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and Companies Act, 2013 read with relevant rules thereunder and other applicable provisions. 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 24 April 2015, 31 July 2015 and 8 February 2016, 30,000 equity shares, 29,000 equity shares and 47,500 equity shares respectively of the face value of ₹ 2/- each under Employee Stock Option Plan pursuant to SEBI (ESOS and ESPS) Guidelines, 1999 to the eligible employees of the Company. The company has also allotted on 26 April 2016, 15,000 equity shares of the face value of ₹ 2/- each under the said plan pursuant to SEBI (ESOS & ESPS) Guidelines, 1999 to an eligible ex-employee of the company. Consequent to these allotments, the total paid-up equity share capital of the Company stands increased to 236,843,672 equity shares of ₹ 2/- each aggregating to ₹ 4,736.87 lacs.

During the year ended 31 March 2016, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 0.80 (40%) per equity share of the face value of ₹ 2/- each. Total dividend appropriation on 23,68,43,672 equity shares for the year ended 31 March 2016 amounted to ₹ 2,280.48 lacs including corporate dividend tax of ₹ 385.73 lacs and on 4,63,26,297 equity shares for the year ended 31 March 2015 amounted to ₹ 446.06 lacs including corporate dividend tax of ₹ 75.45 lacs

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

Preference shares

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

The Company has redeemed ₹ 1,300.20 lacs being fourth installment of ₹ 20/- per share in respect of 6,500,999 cumulative non-convertible redeemable preference shares of ₹ 100/- per share during April 2015. The paid-up value as at 31 March 2016 of the above preference shares stands reduced to ₹ 20/- per share from ₹ 100/- per share. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

The Company has redeemed ₹ 1,000.00 lacs of 10,00,000 cumulative non-convertible redeemable preference shares of ₹ 100/- per share at ₹ 1,250 lacs including a redemption premium of ₹ 250.00 lacs during June 2015. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier year which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

The Company has redeemed ₹ 2,500.00 lacs of 25,00,000 cumulative non-convertible redeemable preference shares of ₹ 100/- per share at par during June 2015. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier year which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

The Company has redeemed ₹ 3,600.00 lacs of 36,00,000 cumulative non-convertible redeemable preference shares of ₹ 100/- per at par share during November 2015. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the current year which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

As per the terms of issue, the holders of the 6,500,999 cumulative non-convertible redeemable preference shares of ₹ 100/- each aggregating to ₹ 6,501.00 lacs (equivalent to USD 15 Million) allotted on 26 March 2007 are entitled to fixed dividend at the rate equivalent to 6 months US Dollar Libor applicable on the respective dates i.e. 30 December or 29 June depending upon the actual date of payment plus 3.25% on subscription amount of USD 15 Million.

Accordingly, the Company had provided dividend for the financial year ended 31 March 2015 in accounts based on the 6 months US Dollar Libor applicable as on 30 December 2014 and closing exchange rate applicable as on 31 March 2015 and which was liable to vary depending on the actual date of payment of the dividend. Accordingly, the excess dividend and tax thereon of ₹ 7.30 lacs (2015: ₹ 3.50 lacs) provided with respect to above preference shares for the previous financial year ended 31 March 2015 has been adjusted in the current year with consequent impact on earnings per share for the year.

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

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

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

Note: 3 Share Capital (Contd.)

For FY 2014-15

Equity shares

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

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

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

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

The Board of Directors at their meeting held on 30 March 2015 approved issuance of 46,296,297 equity shares of the face value of ₹ 2/- each, at a price of ₹ 108/- each aggregating to ₹ 50,000 lacs, including a premium of ₹ 106/- per share to Zend Mauritius VC Investments, Limited, Indium V (Mauritius) Holdings Limited, Leapfrog Financial Inclusion India Holdings Limited on preferential basis under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and Companies Act, 2013 read with relevant rules thereunder and other applicable provisions, which was subsequently approved by the shareholders at the Extraordinary General Meeting held on 28 April 2015. Accordingly, the Board of Directors at their meeting held on 08 May 2015 allotted 46,296,297 equity shares to the above mentioned allottees. The total paid-up equity share capital of the Company stands increased to 236,722,172 equity shares of ₹ 2/- each aggregating to ₹ 4,734.44 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

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

Preference shares

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

The Company has redeemed ₹ 1,300.20 lacs being third installment of ₹ 20/- per share in respect of 6,500,999 cumulative non-convertible redeemable preference shares of ₹ 100/- per share during April 2014. The paid-up value as at 31 March 2015 of the above preference shares stands reduced to ₹ 40/- per share from ₹ 100/- per share. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

The Company has redeemed ₹ 421.84 lacs being fifth and final installment of ₹ 20/- per share in respect of 2,109,199 cumulative non-convertible redeemable preference shares of ₹ 100/- per share during February 2015. The paid-up value as at 31 March 2015 of the above preference shares stands reduced to ₹ Nil/- per share from ₹ 100/- per share. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

As per the terms of issue, the holders of the 6,500,999 cumulative non-convertible redeemable preference shares of ₹ 100/- each aggregating to ₹ 6,501.00 lacs (equivalent to USD 15 Million) allotted on 26 March 2007 are entitled to fixed dividend at the rate equivalent to 6 months US Dollar Libor applicable on the respective dates i.e. 30 December or 29 June depending upon the actual date of payment plus 3.25% on subscription amount of USD 15 Million.

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

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

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

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

For FY 2013-14

Equity shares

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

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

During the year ended 31 March 2013, the amount of per share dividend recognised as distribution to equity shareholders was Re.0.80 (40%) per equity share of the face value of ₹2/- each. Total dividend appropriation on equity shares for the year ended 31 March 2013 amounted to ₹1,777.93 lacs including corporate dividend tax of ₹258.27 lacs.

On 24 July 2013 and 6 December 2013, the Company has allotted, 1,29,800 and 33,400 equity shares respectively of the face value of ₹2/- each on preferential basis, under Magma Employee Stock Option Plan (MESOP) pursuant to SEBI (ESOS and ESPS) Guidelines, 1999 to eligible employees of the Company.

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

Preference shares

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

The Company has redeemed ₹1,300.20 lacs being second installment of ₹ 20/- per share in respect of 65,00,999 cumulative non-convertible redeemable preference shares of ₹100/- per share during April 2013. The paid-up value as at 31 March 2014 of the above preference shares stands reduced to ₹60/- per share from ₹100/- per share. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

The Company has redeemed 30,00,000 cumulative non-convertible redeemable preference shares of ₹100/- per share at a premium of 53% during August 2013 amounting to ₹4,590.00 lacs (including premium of ₹ 1,590.00 lacs) being full and final payment. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

The Company has redeemed ₹421.84 lacs being fourth installment of ₹ 20/- per share in respect of 21,09,199 cumulative non-convertible redeemable preference shares of ₹100/- per share during February 2014. The paid-up value as at 31 March 2014 of the above preference shares stands reduced to ₹20/- per share from ₹100/- per share. The above preference shares were redeemed out of the proceeds of the issue of equity shares made for the purposes in the earlier years which inter-alia include redemption of preference shares and accordingly, no transfer has been made to capital redemption reserve.

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

Note: 3 Share Capital (Contd.)

Accordingly, the Company had provided dividend for the financial year ended 31 March 2013 in accounts based on the 6 months US Dollar Libor applicable as on 30 December 2012 and closing exchange rate applicable as on 31 March 2013 and which was liable to vary depending on the actual date of payment of the dividend. Accordingly, the excess/ (deficit) dividend and tax thereon of (₹55.53 lacs) (2013: ₹22.97 lacs) provided with respect to above preference shares for the previous financial year ended 31 March 2013 has been adjusted in the current year with consequent impact on earnings per share for the year.

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

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

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

Shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
	%	No. of shares	%	No. of shares	%	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	14.47	34,276,629	14.1	26,854,375	14.12	26,854,375
Microfirm Capital Private Limited	14.35	34,015,928	14.36	34,015,928	14.36	34,015,928	17.86	34,015,928	17.89	34,015,928
Celica Developers Private Limited	12.42	29,434,455	12.42	29,434,455	12.43	29,434,455	15.46	29,434,455	15.48	29,434,455
True North Fund V LLP (formerly known as India Value Fund V LLP)	11.92	28,255,524	11.92	28,255,524	-	-	-	-	-	-
India Capital Fund Limited	-	-	-	-	-	-	4.82	9,180,190	5.12	9,736,294
International Finance Corporation	9.70	23,000,000	9.71	23,000,000	9.71	23,000,000	12.08	23,000,000	12.1	23,000,000
Indium V (Mauritius) Holdings Limited	-	-	-	-	8.6	20,355,524	-	-	-	-
Lavender Investments Limited	7.95	18,851,431	7.96	18,851,431	7.96	18,851,431	9.9	18,851,431	9.63	18,301,431
LeapFrog Financial Inclusion India Holdings Limited	5.58	13,218,519	7.82	18,518,519	7.82	18,518,519	-	-	-	-
Preference shares										
Celica Developers Private Limited	-	-	-	-	-	-	72.33	35,555,556	69.36	35,555,556
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	-	-	-	-	100.00	6,500,999	13.23	6,500,999	16.8	8,610,198

Employee stock options

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

MESOP, 2007

Under MESOP, the Company provided for the creation and issue of 1,000,000 options, that would eventually convert into equity shares of ₹ 10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Board of Directors. The options generally vest in a graded manner over a five year period and are exercisable within 3 years from the date of vesting. The options will get settled by issue of equity shares at the exercise price. 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.

	Year ended 31 March 2018 No of Options	Year ended 31 March 2017 No of Options	Year ended 31 March 2016 No of Options	Year ended 31 March 2015 No of Options	Year ended 31 March 2014 No of Options
Outstanding options at the beginning of the year	**214,000**	**287,500**	**636,500**	**1,342,400**	**1,112,900**
Granted during the year	515,000	125,000	-	20,000	400,000
Exercised during the year	69,000	131,000	106,500	305,900	163,200
Lapsed during the year	-	67,500	242,500	420,000	7,300
Forfeited during the year	-	-	-	-	-
Outstanding options at the end of the year	**660,000**	**214,000**	**287,500**	**636,500**	**1,342,400**
Options vested and exercisable at the end of the year	10,000	59,000	130,000	96,500	267,400

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 will vest in a graded manner and are exercisable within 3 years from the date of vesting. The options will get settled by issue of equity shares at the exercise price.

Note: 3 Share Capital (Contd.)

	Year ended 31 March 2018 No of Options	Year ended 31 March 2017 No of Options	Year ended 31 March 2016 No of Options	Year ended 31 March 2015 No of Options	Year ended 31 March 2014 No of Options
Outstanding options at the beginning of the year	**320,000**	**670,000**	**600,000**	**-**	**-**
Granted during the year	300,000	-	250,000	650,000	-
Exercised during the year	-	-	-	-	-
Lapsed during the year	110,000	350,000	180,000	50,000	-
Forfeited during the year	-	-	-	-	-
Outstanding options at the end of the year	**510,000**	**320,000**	**670,000**	**600,000**	**-**
Options vested and exercisable at the end of the year	-	-	-	-	-

The weighted average fair value of each option of Magma Fincorp Limited using the Black-Scholes model with the following assumptions are:	₹ 78.84	₹ 71.93	₹ 69.20	₹ 45.26	₹ 36.52

	Units	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Grant date share price	₹	79.80 - 165.30	56.85 - 108.00	56.85 - 100.00	50.33 - 100.00	50.33 - 100.00
Exercise price	₹	2.00 - 120.00	2.00 - 60.00	2.00 - 60.00	2.00 - 60.00	36.00 - 60.00
Dividend yield	%	0.48 - 1.02	0.61 - 1.06	0.61 - 1.20	0.61 - 3.03	0.61 - 3.03
Expected life	years	3.84 - 5.21	4.42 - 4.80	4.16 - 4.80	4.30 - 4.80	4.80 - 6.50
Risk free interest rate	%	6.80 - 7.82	6.92 - 8.35	7.78 - 8.57	7.76 - 8.91	7.57 - 8.91
Volatility	%	42.00 - 49.99	42.00 - 58.13	41.83 - 58.13	42.78 - 73.94	45.06 - 73.94

Equity shares reserved for issue under options (₹ in Lacs)

	No. of options granted	Exercise price (₹)	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
			No. of options	Amount	No. of options	Amount	No. of options	Amount	No. of options	Amount	No. of options	Amount
Under MESOP 2007:												
Tranche I	1,754,000	36.00	-	-	-	-	-	-	14,000	0.28	192,400	3.85
Tranche II	250,000	60.00	-	-	40,000	0.80	127,500	2.55	152,500	3.05	250,000	5.00
Tranche III	50,000	60.00	-	-	-	-	15,000	0.30	35,000	0.70	50,000	1.00
Tranche IV	300,000	60.00	-	-	-	-	-	-	-	-	300,000	6.00
Tranche V	150,000	60.00	-	-	14,000	0.28	20,000	0.40	65,000	1.30	150,000	3.00
Tranche VI	50,000	60.00	20,000	0.40	35,000	0.70	50,000	1.00	50,000	1.00	50,000	1.00
Tranche VII	50,000	60.00	-	-	-	-	-	-	-	-	50,000	1.00
Tranche VIII	175,000	60.00	-	-	-	-	75,000	1.50	175,000	3.50	175,000	3.50
Tranche IX	125,000	60.00	-	-	-	-	-	-	125,000	2.50	125,000	2.50
Tranche X	20,000	60.00	-	-	-	-	-	-	20,000	0.40	-	-
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	-	-	-	-	-	-	-	-
Tranche XIV	90,000	120.00	90,000	1.80	-	-	-	-	-	-	-	-
Tranche XV	75,000	120.00	75,000	1.50	-	-	-	-	-	-	-	-
Under MRSOP 2014:												
Tranche I (A)	650,000	2.00	210,000	4.20	320,000	6.40	420,000	8.40	600,000	12.00	-	-
Tranche I (C)	300,000	100.00	300,000	6.00	-	-	-	-	-	-	-	-
Tranche I (B)	250,000	2.00	-	-	-	-	250,000	5.00	-	-	-	-

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

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

Particulars	Unit	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Net profit for equity shareholders	₹ in Lacs	23,042.40	2,041.88	20,622.31	16,895.14	13,914.41
Stock-based employee compensation expense (intrinsic value method)	₹ in Lacs	50.08	(37.60)	230.82	3.06	63.02
Stock-based employee compensation expense (fair value method)	₹ in Lacs	81.42	16.75	(238.50)	4.55	139.53
Proforma net profit	₹ in Lacs	23,011.06	2,021.03	20,614.63	16,893.65	13,837.90
Basic earnings per share (Face value: ₹ 2/-) as reported	₹	9.72	0.86	8.89	8.88	7.32
Proforma basic earnings per share (Face value: ₹ 2/-)	₹	9.71	0.85	8.88	8.88	7.28
Diluted earnings per share (Face value: ₹ 2/-) as reported	₹	9.70	0.86	8.86	8.84	7.31
Proforma diluted earnings per share (Face value: ₹ 2/-)	₹	9.68	0.85	8.85	8.84	7.27

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 4					
RESERVES AND SURPLUS					
Capital reserve	480.22	480.22	480.22	480.22	457.98
Add: On amalgamation of its step-down subsidiary International Autotrac Finance Limited (IAFL) with its subsidiary Magma ITL Finance Limited (MITL) [Note 36]	-	-	-	-	22.24
	480.22	**480.22**	**480.22**	**480.22**	**480.22**
Capital reserve on consolidation	**2,768.87**	**-**	**-**	**6,365.96**	**6,365.96**
Capital redemption reserve	**1,421.84**	**1,421.84**	**1,421.84**	**1,421.84**	**1,421.84**
Securities premium reserve					
Opening balance	115,839.98	115,755.70	80,025.11	79,857.32	81,368.45
Add: On equity shares issued during the year vide preferential issue	-	-	49,074.07	-	-
Add: Adjusted on account of amalgamation of Magma Advisory Services Limited "(MASL)" [Note 37]	16,333.33	-	-	-	-
Add: On equity shares issued on exercise of ESOPs during the year	48.59	84.28	79.70	167.79	78.87
Less: Adjustment for purchase of preference shares of Magma Advisory Services Limited	-	-	12,444.44	-	-
Less: On preference share redeemed during the year	-	-	250.00	-	1,590.00
Less: Share issue expenses	-	-	728.74	-	-
	132,221.90	**115,839.98**	**115,755.70**	**80,025.11**	**79,857.32**
Employee share option outstanding					
Gross employee share compensation cost for options granted in earlier years	237.49	283.40	73.87	103.99	64.35
Less: Transferred to securities premium reserve on allotment of shares	8.57	8.31	21.29	33.18	23.38
Add: Deferred employee compensation cost	50.08	(37.60)	230.82	3.06	63.02
	279.00	**237.49**	**283.40**	**73.87**	**103.99**
Amalgamation reserve account	**106.48**	**106.48**	**106.48**	**106.48**	**106.48**
Statutory reserve (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)					
Opening balance	24,340.00	24,210.00	20,290.00	16,790.00	13,438.98
Add: Transfer from surplus in the statement of profit and loss	4,110.00	130.00	3,920.00	3,500.00	3,351.02
	28,450.00	**24,340.00**	**24,210.00**	**20,290.00**	**16,790.00**
Statutory reserve (created pursuant to Section 29C of the National Housing Bank Act, 1987)					
Opening balance	2,253.12	1,583.07	683.07	343.07	253.00
Add: Transfer from surplus in the statement of profit and loss	479.95	670.05	900.00	340.00	90.07
	2,733.07	**2,253.12**	**1,583.07**	**683.07**	**343.07**
General reserve					
Opening balance	11,390.00	11,390.00	9,510.00	8,100.00	6,734.50
Add: Transfer from surplus in the statement of profit and loss	13,832.22	-	1,880.00	1,502.40	1,365.50
Less: Transferred to depreciation reserve	-	-	-	92.40	-
Less: Adjusted on account of amalgamation of MASL [Note 37]	25,222.22	-	-	-	-
	-	**11,390.00**	**11,390.00**	**9,510.00**	**8,100.00**

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Surplus (balance in the statement of profit and loss)					
Opening balance	56,403.47	55,160.75	42,725.31	33,006.11	25,729.60
Impact of amalgamation of IAFL with MITL	-	-	-	-	(51.85)
Impact of pre-acquisition surplus on change of share holding in Magma HDI General Insurance Company Limited	-	-	1,239.67	-	-
Profit for the year	23,042.41	2,045.27	21,137.71	18,066.74	15,182.87
Amount available for appropriations	**79,445.88**	**57,206.02**	**65,102.69**	**51,072.85**	**40,860.62**
Appropriations					
Dividend on preference shares*	0.75	2.08	428.23	973.52	1,084.21
Tax on preference dividend as above*	0.15	0.42	87.17	198.08	184.25
Dividend on equity shares*#	1,895.79	-	2,265.36	1,523.41	1,520.96
Tax on equity dividend as above*#	385.94	-	461.18	310.13	258.49
Transfer to statutory reserve (as per Reserve Bank of India Act, 1934)	4,110.00	130.00	3,920.00	3,500.00	3,351.02
Transfer to statutory reserve (as per National Housing Bank Act, 1987)	479.95	670.05	900.00	340.00	90.07
Transfer to general reserve	13,832.22	-	1,880.00	1,502.40	1,365.50
	58,741.08	**56,403.47**	**55,160.75**	**42,725.31**	**33,006.12**
	227,202.46	**212,472.60**	**210,391.46**	**161,681.86**	**146,575.00**

For FY 2017-18

In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated proposed dividend (including tax) on equity in the financial year ended 31 March 2018 and the same will be shown in the financial year ended 31 March 2019 post approval by shareholders in Annual General Meeting.

For FY 2016-17

* In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated proposed dividend (including tax) on equity in the financial year ended 31 March 2017.

Dividend for the year ended 31 March 2016 includes dividend on equity shares allotted post 31 March 2016 and tax thereon.

(₹ in Lacs)

	Security as per	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 5						
LONG-TERM BORROWINGS						
Debentures						
Secured						
Redeemable non-convertible debentures	(a)	26,000.00	16,000.00	59,000.00	99,050.00	115,010.00
		26,000.00	**16,000.00**	**59,000.00**	**99,050.00**	**115,010.00**
Unsecured						
Subordinated non-convertible perpetual debentures		13,410.00	13,310.00	11,250.00	10,550.00	10,550.00
Subordinated redeemable non-convertible debentures		59,000.00	78,030.00	77,430.00	77,930.00	74,350.00
Subordinated debts from banks		10,000.00	10,000.00	-	-	-
		82,410.00	**101,340.00**	**88,680.00**	**88,480.00**	**84,900.00**
Term loan						
Secured *						
from banks	(b) and (c)	147,889.04	192,740.23	169,205.55	140,284.90	80,876.85
from others (financial institutions)	(b) and (c)	30.55	836.89	13,726.31	26,965.73	40,205.15
		147,919.59	**193,577.12**	**182,931.86**	**167,250.63**	**121,082.00**
Unsecured						
from others		-	-	700.41	2,081.48	901.27
		-	**-**	**700.41**	**2,081.48**	**901.27**
Share of borrowings of joint venture		9.53	12.31	3.90	**-**	**-**
		256,339.12	**310,929.43**	**331,316.17**	**356,862.11**	**321,893.27**
* Aggregate of loans guaranteed by Director (including current maturities)		263.60	796.50	1,329.40	1,862.30	2,395.20

Nature of security

(a) Debentures are secured by mortgage of Company's immovable property situated at (i) Village - Mehrun, Taluk and District - Jalgaon in the state of Maharastra, and (ii) Rajarhat, Kolkata in the state of West Bengal and (iii) Barasat, Dist. - 24 Parganas (N) and are also secured against designated Assets on finance.The total assets cover is hundred percent or above of the principal amount of the said debentures.

(b) Term loans from Banks / Financial Institutions are secured by way of hypothecation of designated Assets on finance and future rentals receivable therefrom.

(c) Term loans related to wind mills owned by the Company are secured by means of mortgage of the wind mills, assignment of the related receivables, and a bank guarantee in favour of the lending institution alongwith personal guarantee of a Director.

Details of debentures

Terms of maturity of secured redeemable non-convertible debentures

(₹ in Lacs)

	Interest rate range (p.a.)					As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
Maturity schedule	**31 March 2018**	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**
> 5 Years	9.00%	9.00% - 10.10%	10.00% - 10.10%	10.10%	-	10,000.00	-	6,000.00	-	3,000.00	-	2,000.00	-	-	-
3 - 5 Years	9.55%-10.10%	9.55% - 10.00%	10.00%	10.00% - 10.33%	10.80%	3,500.00	-	6,000.00	-	3,500.00	-	7,500.00	-	50,300.00	-
1 - 3 Years	8.99%-10.00%	10.33%	9.63 % - 10.80%	9.50% - 11.50%	9.50 % - 11.50%	12,500.00	-	4,000.00	-	52,500.00	-	89,550.00	-	64,710.00	-
0 - 1 Years	8.74% - 10.33%	9.63 % - 10.80%	9.50 % - 11.50%	10.01% - 11.30%	9.34 % - 11.25%	-	9,000.00	-	48,500.00	-	61,730.00	-	71,460.00	-	117,100.00
						26,000.00	**9,000.00**	**16,000.00**	**48,500.00**	**59,000.00**	**61,730.00**	**99,050.00**	**71,460.00**	**115,010.00**	**117,100.00**

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

Terms of maturity of Unsecured subordinated non-convertible perpetual debentures

(₹ in Lacs)

	Interest rate range (p.a.)					As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
Maturity schedule	**31 March 2018**	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**
> 5 Years	11.00% - 12.10%	11.50% - 12.10%	12.00 % - 12.10%	12.00 % - 13.75%	12.00 % - 13.75%	7,910.00	-	7,810.00	-	5,750.00	-	10,550.00	-	10,550.00	-
3 - 5 Years	-	12.50%	12.50 % - 13.75%	-	-	-	-	2,500.00	-	5,500.00	-	-	-	-	-
1 - 3 Years	12.50% - 13.75%	13.50% - 13.75%	-	-	-	5,500.00	-	3,000.00	-	-	-	-	-	-	-
						13,410.00	**-**	**13,310.00**	**-**	**11,250.00**	**-**	**10,550.00**	**-**	**10,550.00**	**-**

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

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

(₹ in Lacs)

Terms of maturity of unsecured subordinated redeemable non-convertible debentures

	Interest rate range (p.a.)					As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
Maturity schedule	**31 March 2018**	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**
> 5 Years	10.00% - 10.90%	10.25% - 11.50%	10.70 % - 11.50%	10.70 % - 11.50%	10.70 % - 11.50%	17,200.00	-	21,000.00	-	32,700.00	-	32,700.00	-	24,200.00	-
3 - 5 Years	10.30% - 11.50%	11.00% - 11.45%	11.00%	11.00 % - 11.75%	11.20 % - 12.00%	28,800.00	-	23,000.00	-	13,000.00	-	34,030.00	-	31,730.00	-
1 - 3 Years	11.00%	11.00% - 11.75%	11.20% - 12.00%	11.50% - 12.00%	11.50%	13,000.00	-	34,030.00	-	31,730.00	-	11,200.00	-	18,420.00	-
0 - 1 Years	11.20% - 11.75%	11.75% - 12.00%	11.50%	11.50%	13.00 % - 14.00%	-	21,030.00	-	10,700.00	-	500.00	-	17,920.00	-	4,000.00
						59,000.00	**21,030.00**	**78,030.00**	**10,700.00**	**77,430.00**	**500.00**	**77,930.00**	**17,920.00**	**74,350.00**	**4,000.00**

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

Terms of repayment of subordinated term loans (unsecured)

(₹ in Lacs)

	Interest rate range (p.a.)					As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
Maturity schedule	**31 March 2018**	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**
> 5 Years	10.10%	11.00%	-	-	-	1,666.67	-	10,000.00	-	-	-	-	-	-	-
3-5 Years	10.10%	-	-	-	-	8,333.33	-	-	-	-	-	-	-	-	-
						10,000.00	**-**	**10,000.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

Terms of repayment of term loans (secured)

(₹ in Lacs)

	Interest rate range (p.a.)					As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
Maturity schedule	**31 March 2018**	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**	**Long-term**	**Current maturities**
> 5 Years	8.90% - 9.70%	9.30% - 9.70%	-	-	12.25%	2,321.44	-	3,762.31	-	-	-	-	-	30.55	-
3 - 5 Years	8.30% - 12.00%	9.30% - 12.00%	9.85% - 12.25%	10.45% - 12.25%	10.45% - 12.25%	27,226.25	-	47,301.80	-	56,770.13	-	42,963.13	-	22,934.89	-
1 - 3 Years	8.30% - 12.00%	9.30% - 12.25%	9.85% - 12.25%	10.45% - 12.25%	10.45% - 12.25%	118,381.43	-	142,525.32	-	126,161.73	-	124,287.50	-	98,116.56	-
0 - 1 Years	8.30% - 12.00%	9.70% - 12.25%	9.85% - 12.25%	10.45% - 12.25%	10.45% - 12.25%	-	77,101.25	-	89,379.29	-	90,551.13	-	83,139.64	-	46,368.67
						147,929.12	**77,101.25**	**193,589.43**	**89,379.29**	**182,931.86**	**90,551.13**	**167,250.63**	**83,139.64**	**121,082.00**	**46,368.67**

Above current maturities has been disclosed under "Other current liabilities" [Note 9]

(₹ in Lacs)

	As at 31 March 2018	**As at 31 March 2017**	**As at 31 March 2016**	**As at 31 March 2015**	**As at 31 March 2014**
Note: 6					
LONG-TERM PROVISIONS					
Provision for employee benefits					
Provision for gratuity	-	45.07	132.16	87.62	41.35
Provision for compensated absences	687.33	876.41	821.28	832.11	692.59
Other provisions					
Provision for non-performing assets	29,683.98	19,086.02	31,305.78	19,670.21	12,770.80
Contingent provision against standard assets	2,890.00	2,580.00	2,660.00	2,670.00	2,180.00
	33,261.31	**22,587.50**	**34,919.22**	**23,259.94**	**15,684.74**

(₹ in Lacs)

	Security as per	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 7						
SHORT-TERM BORROWINGS						
Term loan						
Secured						
from banks	(a)	2,500.00	5,000.00	7,500.00	10,000.00	10,000.00
		2,500.00	**5,000.00**	**7,500.00**	**10,000.00**	**10,000.00**
Unsecured						
from others		-	-	-	-	182.97
		-	-	-	-	**182.97**
Commercial papers						
Unsecured						
Face value		60,000.00	61,000.00	75,600.00	85,000.00	68,200.00
Less: Unmatured discounting charges		865.60	924.93	1,728.42	854.93	773.30
		59,134.40	**60,075.07**	**73,871.58**	**84,145.07**	**67,426.70**
Loans from banks						
Secured						
Cash credit facilities	(b)	224,871.54	125,447.93	256,084.00	167,809.88	175,666.86
Working capital demand loans	(b)	327,000.00	357,499.99	363,000.00	370,999.74	270,000.00
		551,871.54	**482,947.92**	**619,084.00**	**538,809.62**	**445,666.86**
		613,505.94	**548,022.99**	**700,455.58**	**632,954.69**	**523,276.53**
Aggregate of loans guaranteed by Director		-	-	-	-	-

Terms of repayment of term loans (secured)

(₹ in Lacs)

Maturity schedule	Interest rate range (p.a.) 31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
0 - 1 Years	9.85%	9.85%	10.85%	10.85%	10.85%	2,500.00	5,000.00	7,500.00	10,000.00	10,000.00
						2,500.00	**5,000.00**	**7,500.00**	**10,000.00**	**10,000.00**

Terms of repayment of term loans (unsecured)

(₹ in Lacs)

Maturity schedule	Interest rate range (p.a.) 31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
0 - 1 Years	-	-	-	-	14.00%	-	-	-	-	182.97
						-	-	-	-	**182.97**

Details of unsecured commercial papers

(₹ in Lacs)

Number of units	Face value (₹ in Lacs)	Interest terms	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
12,000	5	Fixed	59,134.40	-	-	-	-
12,200	5	Fixed	-	60,075.07	-	-	-
15,120	5	Fixed	-	-	73,871.58	-	-
17,000	5	Fixed	-	-	-	84,145.07	-
13,640	5	Fixed	-	-	-	-	67,426.70
			59,134.40	**60,075.07**	**73,871.58**	**84,145.07**	**67,426.70**
The above commercial papers carry interest rates ranging hereas:			7.90 % p.a. to 8.50 % p.a.	7.61 % p.a. to 8.95 % p.a.	8.95 % p.a. to 11.00 % p.a.	9.00 % p.a. to 11.30 % p.a.	9.00 % p.a. to 11.30 % p.a.
The above commercial papers carry maturity period ranging hereas:			1 Months to 3 Months.	1 Months to 3 Months.	1 Months to 8 Months.	-	-

(₹ in Lacs)

Details of cash credit facilities and working capital demand loans

The cash credit facilities are repayable on demand and carry interest rates ranging as shown. 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.	8.70 % p.a. to 12.10 % p.a.	9.00 % p.a. to 12.00 % p.a.	9.25 % p.a. to 12.25% p.a.	9.60 % p.a. to 13.45 % p.a.	10.15 % p.a. to 14.35 % p.a.
Working capital demand loans are repayable on demand and carry interest rates ranging as shown. 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.	8.15% p.a. to 9.25% p.a.	8.15% p.a. to 10.30% p.a.	9.55% p.a. to 10.45% p.a.	9.45 % p.a. to 11.25 % p.a.	10.00 % p.a. to 10.75 % p.a

The company has entered into a forward buy contract of US $ 78.13 Lacs (INR Rs.5,000.00Lacs). The said loan including the interest payable thereon has been fully hedged to INR liability. There is no un-hedged foreign currency exposure as on 31 March 2018.

Nature of security

(a) Term loans from banks are secured by way of first charge ranking pari-passu over entire housing and property loans, both present & future.(For FY 2018, 2017).

Term loans from Banks are secured by way of hypothecation on the Company's book debts and loan instalments receivable therefrom.(For FY 2016, 2015, 2014).

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

Annexure-IV

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 8					
TRADE PAYABLES					
Due to micro and small enterprises*	-	-	-	-	-
Due to others	32,238.06	21,887.60	21,028.20	25,711.80	32,971.35
	32,238.06	**21,887.60**	**21,028.20**	**25,711.80**	**32,971.35**
Share of joint venture	539.80	1.91	14.10	585.93	247.36
	32,777.86	**21,889.51**	**21,042.30**	**26,297.73**	**33,218.71**

* 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 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014. This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, and has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 9					
OTHER CURRENT LIABILITIES					
Current maturities of long-term borrowings [Note 5]	107,128.47	148,579.29	152,781.13	172,519.64	167,759.04
Interest accrued but not due on borrowings	6,413.58	9,665.87	11,945.36	12,992.36	15,246.35
Interest accrued and due on borrowings	422.41	-	-	-	-
Unpaid dividend #	34.56	32.28	28.54	24.50	21.16
Unclaimed matured deposits and interest accrued thereon *	-	-	0.13	0.26	2.48
Other liabilities					
Temporary book overdraft	5,893.25	2,090.45	4,362.75	9,077.56	9,628.00
Advances and deposits from customers	6,927.69	8,202.82	8,629.43	7,812.18	7,680.15
Statutory liabilities	795.97	714.36	851.75	922.27	741.40
Director's commission payable	200.00	-	160.00	150.00	150.00
Pending remittance on assignment	20,892.64	25,566.04	25,698.45	31,845.87	32,108.16
Other payables	9,748.44	8,126.70	6,680.60	5,844.82	4,729.96
	158,457.01	**202,977.81**	**211,138.14**	**241,189.46**	**238,066.70**
Share of joint venture	32,986.32	26,278.94	22,786.00	15,535.24	7,742.95
	191,443.33	**229,256.75**	**233,924.14**	**256,724.70**	**245,809.65**

There has been no delay in transfer of amounts required to be transferred to Investor Education and Protection Fund and balance would be credited as and when due.

* Represents liability transferred to and vested in the Company pursuant to the amalgamation of erstwhile Shrachi Infrastructure Finance Limited with the Company in the financial year 2006-07. The Company, in accordance with Reserve Bank of India directives, had transferred the entire outstanding amount together with interest to an escrow account. Unclaimed balance has been credited to Investor Education and Protection Fund.

Annexure-IV

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 10					
SHORT-TERM PROVISIONS					
Provision for employee benefits					
Provision for gratuity	-	0.28	0.89	1.29	0.69
Provision for compensated absences	21.76	90.59	83.89	74.95	70.04
Other provisions					
Contingent provision against standard assets	1,570.00	1,460.00	1,440.00	1,320.00	1,230.00
Proposed dividend (including tax thereon)	-	-	2,788.58	3,001.64	3,103.44
Provision for taxation	280.00	84.13	1,572.36	12.51	304.48
Provision for contingent expenses	-	-	-	55.50	55.50
	1,871.76	**1,635.00**	**5,885.72**	**4,465.89**	**4,764.15**
Share of joint venture	8,977.47	7,268.73	7,254.54	7,999.31	7,814.29
	10,849.23	**8,903.73**	**13,140.26**	**12,465.20**	**12,578.44**

Note: 11

Annexure-IV

FIXED ASSETS

Following are the changes in the carrying value of the fixed assets for the year ended 31 March 2018

(₹ in Lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2017	Additions	Deletions	**As at 31 March 2018**	As at 1 April 2017	For the year	Deletions	**As at 31 March 2018**	**As at 31 March 2018**
Tangible assets									
Fixed assets for own use									
Land^	30.26	-	-	**30.26**	-	-	-	**-**	**30.26**
Buildings *^	2,186.83	-	-	**2,186.83**	657.21	38.37	-	**695.58**	**1,491.25**
Wind mills^	9,701.29	-	-	**9,701.29**	4,588.95	410.39	-	**4,999.34**	**4,701.95**
Furniture and fixtures	2,758.05	117.40	36.96	**2,838.49**	1,805.76	247.28	34.22	**2,018.82**	**819.67**
Vehicles	274.16	163.12	23.66	**413.62**	114.81	37.38	6.20	**145.99**	**267.63**
Office equipments	8,812.06	793.55	536.74	**9,068.87**	6,250.41	1,150.10	428.64	**6,971.87**	**2,097.00**
Leasehold improvements	3,514.35	258.93	32.87	**3,740.41**	2,249.01	303.96	26.31	**2,526.66**	**1,213.75**
Sub-total	**27,277.00**	**1,333.00**	**630.23**	**27,979.77**	**15,666.15**	**2,187.48**	**495.37**	**17,358.26**	**10,621.51**
Fixed assets on operating lease									
Buildings	11.00	-	-	**11.00**	2.40	0.18	-	**2.58**	**8.42**
Vehicles	9,510.04	3,159.95	3,796.18	**8,873.81**	2,766.97	1,948.31	1,599.67	**3,115.61**	**5,758.20**
Sub-total	**9,521.04**	**3,159.95**	**3,796.18**	**8,884.81**	**2,769.37**	**1,948.49**	**1,599.67**	**3,118.19**	**5,766.62**
Total	**36,798.04**	**4,492.95**	**4,426.41**	**36,864.58**	**18,435.52**	**4,135.97**	**2,095.04**	**20,476.45**	**16,388.13**
Intangible assets									
Fixed assets for own use									
Computer software	5,409.77	747.73	-	**6,157.50**	2,530.73	786.48	-	**3,317.21**	**2,840.29**
Business and commercial rights	800.00	-	-	**800.00**	800.00	-	-	**800.00**	**-**
Total	**6,209.77**	**747.73**	**-**	**6,957.50**	**3,330.73**	**786.48**	**-**	**4,117.21**	**2,840.29**
Total	**43,007.81**	**5,240.68**	**4,426.41**	**43,822.08**	**21,766.25**	**4,922.45**	**2,095.04**	**24,593.66**	**19,228.42**
Share of joint venture	**597.50**	**364.87**	**0.25**	**962.12**	**186.63**	**134.45**	**0.24**	**320.84**	**641.28**
Grand total	**43,605.31**	**5,605.55**	**4,426.66**	**44,784.20**	**21,952.88**	**5,056.90**	**2,095.28**	**24,914.50**	**19,869.70**

* Registration of title for 3 buildings is pending.

^For details of movable / immovable property , plant and equipment hypothecated against borrwoings, refer Note 5

FIXED ASSETS **Annexure-IV**

Following are the changes in the carrying value of the fixed assets for the year ended 31 March 2017

(₹ in Lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2016	Additions	Deletions	**As at 31 March 2017**	As at 1 April 2016	For the year	Deletions	**As at 31 March 2017**	**As at 31 March 2017**
Tangible assets									
Fixed assets for own use									
Land^	30.26	-	-	**30.26**	-	-	-	**-**	**30.26**
Buildings *^	2,186.83	-	-	**2,186.83**	618.84	38.37	-	**657.21**	**1,529.62**
Wind mills^	9,701.29	-	-	**9,701.29**	4,178.56	410.39	-	**4,588.95**	**5,112.34**
Furniture and fixtures	2,641.94	189.33	73.22	**2,758.05**	1,577.39	284.90	56.53	**1,805.76**	**952.29**
Vehicles	272.14	37.00	34.98	**274.16**	106.17	28.98	20.34	**114.81**	**159.35**
Office equipments	8,553.05	533.78	274.77	**8,812.06**	5,253.80	1,238.29	241.68	**6,250.41**	**2,561.65**
Leasehold improvements	3,278.07	304.22	67.94	**3,514.35**	2,004.44	304.57	60.00	**2,249.01**	**1,265.34**
Sub-total	**26,663.58**	**1,064.33**	**450.91**	**27,277.00**	**13,739.20**	**2,305.50**	**378.55**	**15,666.15**	**11,610.85**
Fixed assets on operating lease									
Buildings	11.00	-	-	**11.00**	2.22	0.18	-	**2.40**	**8.60**
Vehicles	5,823.04	4,389.18	702.18	**9,510.04**	1,345.53	1,741.93	320.49	**2,766.97**	**6,743.07**
Sub-total	**5,834.04**	**4,389.18**	**702.18**	**9,521.04**	**1,347.75**	**1,742.11**	**320.49**	**2,769.37**	**6,751.67**
Total	**32,497.62**	**5,453.51**	**1,153.09**	**36,798.04**	**15,086.95**	**4,047.61**	**699.04**	**18,435.52**	**18,362.52**
Intangible assets									
Fixed assets for own use									
Computer software	4,594.90	814.87	-	**5,409.77**	1,728.21	802.52	-	**2,530.73**	**2,879.04**
Business and commercial rights	800.00	-	-	**800.00**	800.00	-	-	**800.00**	**-**
Total	**5,394.90**	**814.87**	**-**	**6,209.77**	**2,528.21**	**802.52**	**-**	**3,330.73**	**2,879.04**
Total	**37,892.52**	**6,268.38**	**1,153.09**	**43,007.81**	**17,615.16**	**4,850.13**	**699.04**	**21,766.25**	**21,241.56**
Share of joint venture	**279.66**	**327.36**	**9.52**	**597.50**	**135.43**	**53.62**	**2.42**	**186.63**	**410.87**
Grand total	**38,172.18**	**6,595.74**	**1,162.61**	**43,605.31**	**17,750.59**	**4,903.75**	**701.46**	**21,952.88**	**21,652.43**

* Registration of title for 3 buildings is pending.

^For details of movable / immovable property , plant and equipment hypothecated against borrwoings, refer Note 5

Note: 11

FIXED ASSETS

Following are the changes in the carrying value of the fixed assets for the year ended 31 March 2016

(₹ in Lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2015	Additions	Deletions	**As at 31 March 2016**	As at 1 April 2015	For the year	Deletions	**As at 31 March 2016**	**As at 31 March 2016**
Tangible assets									
Fixed assets for own use									
Land	30.26	-	-	**30.26**	-	-	-	**-**	**30.26**
Buildings *	3,518.83	-	1,332.00	**2,186.83**	1,155.28	55.76	592.20	**618.84**	**1,567.99**
Wind mills	9,701.29	-	-	**9,701.29**	3,766.96	411.60	-	**4,178.56**	**5,522.73**
Furniture and fixtures	2,616.14	70.92	45.12	**2,641.94**	1,326.06	276.82	25.49	**1,577.39**	**1,064.55**
Vehicles	304.71	59.88	92.45	**272.14**	147.80	32.10	73.73	**106.17**	**165.97**
Office equipments	7,887.53	825.40	159.88	**8,553.05**	4,186.99	1,215.80	148.99	**5,253.80**	**3,299.25**
Leasehold improvements	3,197.54	153.94	73.41	**3,278.07**	1,695.73	346.63	37.92	**2,004.44**	**1,273.63**
Sub-total	**27,256.30**	**1,110.14**	**1,702.86**	**26,663.58**	**12,278.82**	**2,338.71**	**878.33**	**13,739.20**	**12,924.38**
Fixed assets on operating lease									
Buildings	11.00	-	-	**11.00**	2.05	0.17	-	**2.22**	**8.78**
Vehicles	2,779.30	3,506.06	462.32	**5,823.04**	524.00	972.86	151.33	**1,345.53**	**4,477.51**
Sub-total	**2,790.30**	**3,506.06**	**462.32**	**5,834.04**	**526.05**	**973.03**	**151.33**	**1,347.75**	**4,486.29**
Total	**30,046.60**	**4,616.20**	**2,165.18**	**32,497.62**	**12,804.87**	**3,311.74**	**1,029.66**	**15,086.95**	**17,410.67**
Intangible assets									
Fixed assets for own use									
Computer software	3,448.79	1,146.11	-	**4,594.90**	1,091.52	636.69	-	**1,728.21**	**2,866.69**
Business and commercial rights	800.00	-	-	**800.00**	800.00	-	-	**800.00**	**-**
Total	**4,248.79**	**1,146.11**	**-**	**5,394.90**	**1,891.52**	**636.69**	**-**	**2,528.21**	**2,866.69**
Total	**34,295.39**	**5,762.31**	**2,165.18**	**37,892.52**	**14,696.39**	**3,948.43**	**1,029.66**	**17,615.16**	**20,277.36**
Share of joint venture	**224.69**	**55.38**	**0.41**	**279.66**	**73.10**	**62.43**	**0.10**	**135.43**	**144.23**
Grand total	**34,520.08**	**5,817.69**	**2,165.59**	**38,172.18**	**14,769.49**	**4,010.86**	**1,029.76**	**17,750.59**	**20,421.59**

* Registration of title for 3 buildings is pending.

Note: 11 **Annexure-IV**

FIXED ASSETS

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

(₹ in Lacs)

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2014	Additions	Deletions	**As at 31 March 2015**	As at 1 April 2014	For the year	Deletions	**As at 31 March 2015**	**As at 31 March 2015**
Tangible assets									
Fixed assets for own use									
Land	30.26	-	-	**30.26**	-	-	-	**-**	**30.26**
Buildings *	3,461.60	57.23	-	**3,518.83**	1,099.62	55.66	-	**1,155.28**	**2,363.55**
Wind mills	9,701.29	-	-	**9,701.29**	3,356.48	410.48	-	**3,766.96**	**5,934.33**
Furniture and fixtures	2,399.12	346.56	129.54	**2,616.14**	1,006.05	391.19	71.18	**1,326.06**	**1,290.08**
Vehicles	300.86	100.33	96.48	**304.71**	169.94	43.23	65.37	**147.80**	**156.91**
Office equipments	6,319.51	1,856.33	288.31	**7,887.53**	3,080.71	1,361.60	255.32	**4,186.99**	**3,700.54**
Leasehold improvements	2,773.22	533.31	108.99	**3,197.54**	1,340.66	459.61	104.54	**1,695.73**	**1,501.81**
Sub-total	**24,985.86**	**2,893.76**	**623.32**	**27,256.30**	**10,053.46**	**2,721.77**	**496.41**	**12,278.82**	**14,977.48**
Fixed assets on operating lease									
Buildings	11.00	-	-	**11.00**	1.87	0.18	-	**2.05**	**8.95**
Vehicles	581.65	2,266.14	68.49	**2,779.30**	78.97	462.56	17.53	**524.00**	**2,255.30**
Sub-total	**592.65**	**2,266.14**	**68.49**	**2,790.30**	**80.84**	**462.74**	**17.53**	**526.05**	**2,264.25**
Total	**25,578.51**	**5,159.90**	**691.81**	**30,046.60**	**10,134.30**	**3,184.51**	**513.94**	**12,804.87**	**17,241.73**
Intangible assets									
Fixed assets for own use									
Computer softwares	960.64	2,488.15	-	**3,448.79**	679.09	412.43	-	**1,091.52**	**2,357.27**
Business and commercial rights	800.00	-	-	**800.00**	800.00	-	-	**800.00**	**-**
Total	**1,760.64**	**2,488.15**	**-**	**4,248.79**	**1,479.09**	**412.43**	**-**	**1,891.52**	**2,357.27**
Total	**27,339.15**	**7,648.05**	**691.81**	**34,295.39**	**11,613.39**	**3,596.94**	**513.94**	**14,696.39**	**19,599.00**
Share of joint venture	**169.71**	**59.94**	**4.95**	**224.69**	**32.06**	**42.80**	**1.76**	**73.10**	**151.59**
Grand total	**27,508.86**	**7,707.99**	**696.76**	**34,520.08**	**11,645.45**	**3,639.74**	**515.70**	**14,769.49**	**19,750.59**

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

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

Note: 11 **Annexure-IV**

FIXED ASSETS

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

Description of assets	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2013	Additions	Deletions	**As at 31 March 2014**	As at 1 April 2013	For the year	Deletions	**As at 31 March 2014**	**As at 31 March 2014**
Tangible assets									
Fixed assets for own use									
Land	30.26	-	-	**30.26**	-	-	-	**-**	**30.26**
Buildings *	3,424.74	36.86	-	**3,461.60**	1,046.30	53.32	-	**1,099.62**	**2,361.98**
Wind mills	9,701.29	-	-	**9,701.29**	2,844.25	512.23	-	**3,356.48**	**6,344.81**
Furniture and fixtures	2,103.04	317.39	21.31	**2,399.12**	839.86	178.71	12.52	**1,006.05**	**1,393.07**
Vehicles	385.84	13.64	98.62	**300.86**	223.75	28.56	82.37	**169.94**	**130.92**
Office equipments	5,390.01	1,061.24	131.74	**6,319.51**	2,491.62	704.95	115.86	**3,080.71**	**3,238.80**
Leasehold improvements	2,328.83	453.81	9.42	**2,773.22**	999.31	345.61	4.26	**1,340.66**	**1,432.56**
Sub-total	**23,364.01**	**1,882.94**	**261.09**	**24,985.86**	**8,445.09**	**1,823.38**	**215.01**	**10,053.46**	**14,932.40**
Fixed assets on operating lease									
Buildings	11.00	-	-	**11.00**	1.69	0.18	-	**1.87**	**9.13**
Vehicles	17,816.77	535.96	17,771.08	**581.65**	16,526.93	1,323.12	17,771.08	**78.97**	**502.68**
Sub-total	**17,827.77**	**535.96**	**17,771.08**	**592.65**	**16,528.62**	**1,323.30**	**17,771.08**	**80.84**	**511.81**
Total	**41,191.78**	**2,418.90**	**18,032.17**	**25,578.51**	**24,973.71**	**3,146.68**	**17,986.09**	**10,134.30**	**15,444.21**
Intangible assets									
Fixed assets for own use									
Computer softwares	1,161.04	63.38	263.78	**960.64**	825.38	117.49	263.78	**679.09**	**281.55**
Business and commercial rights	800.00	-	-	**800.00**	746.67	53.33	-	**800.00**	**-**
Total	**1,961.04**	**63.38**	**263.78**	**1,760.64**	**1,572.05**	**170.82**	**263.78**	**1,479.09**	**281.55**
Total	**43,152.82**	**2,482.28**	**18,295.95**	**27,339.15**	**26,545.76**	**3,317.50**	**18,249.87**	**11,613.39**	**15,725.76**
Share of joint venture	**103.26**	**66.45**	**-**	**169.71**	**7.08**	**24.98**	**-**	**32.06**	**137.65**
Grand total	**43,256.08**	**2,548.73**	**18,295.95**	**27,508.86**	**26,552.84**	**3,342.48**	**18,249.87**	**11,645.45**	**15,863.41**

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

Annexure-IV

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 12					
NON-CURRENT INVESTMENTS					
Other investment (at cost)					
Investment in equity shares (Trade investment)					
Quoted (Fully paid-up of ₹ 10/- each)	-	1.12	1.12	8.31	8.31
Unquoted (Fully paid-up of ₹ 10/- each)					
In others	422.04	422.04	422.04	450.43	450.43
Investment in Government securities(Non-trade investment)					
Unquoted (₹ 0.16 lacs pledged with sales tax authorities)	0.16	0.16	0.16	0.16	0.16
Others(Non-trade investment)					
In pass through certificates *	6,028.54	5,241.20	2,881.78	5,724.63	11,264.23
In security receipts (of ₹ 1,000/- each)	7,049.18	8,641.93	-	-	-
	13,499.92	**14,306.45**	**3,305.10**	**6,183.53**	**11,723.13**
Aggregate provision for diminution in value of investments	-	(1.05)	(1.05)	(35.58)	(35.58)
	13,499.92	**14,305.40**	**3,304.05**	**6,147.95**	**11,687.55**
Share of joint venture	38,778.62	32,987.50	29,111.12	24,648.56	17,513.41
	52,278.54	**47,292.90**	**32,415.17**	**30,796.51**	**29,200.96**
Aggregate book value of quoted investments	-	1.12	1.12	8.31	8.31
Aggregate market value of quoted investments	-	0.28	0.33	5.55	4.58
Aggregate book value of unquoted investments	13,499.92	14,305.33	3,303.98	6,175.22	11,714.82
* The Company has invested in the Pass Through Certificates (PTCs) on the assets securitised by it, as Minimum Retention Ratio, as prescribed in the guidelines issued by Reserve Bank of India from time to time. Current portion of pass through certificates has been included under 'Current Investments' [Note 16] and amounts to (₹ in lacs).	6,504.06	5,148.61	3,266.60	8,111.84	10304.49

For FY 2015-16

* The Company has written-off non-moving investments in various equity shares amounting to ₹ 34.53 lacs (2015: ₹ Nil) which were delisted or non-tradeable, during the year ended 31 March 2016.

Annexure-IV

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 13					
DEFERRED TAX ASSETS / LIABILITIES (NET)					
Deferred tax assets					
Contingent provision against standard assets	1,558.50	1,342.79	1,418.92	1,380.86	1,152.57
Provision for non-performing assets	10,549.33	6,055.68	10,949.21	6,880.84	4,382.46
Unabsorbed depreciation and amortisation	-	3,585.25	-	-	-
Others	353.32	379.78	424.33	434.28	392.36
	12,461.15	**11,363.50**	**12,792.46**	**8,695.98**	**5,927.39**
Deferred tax liabilities					
Fixed assets	3,241.54	3,172.35	2,677.91	2,463.56	2,308.58
Unamortised expenses (net)	5,713.84	5,822.69	5,746.15	6,943.90	6,666.95
Others	934.45	803.10	897.23	563.63	459.36
	9,889.83	**9,798.14**	**9,321.29**	**9,971.09**	**9,434.89**
Share of deferred tax assets of joint venture	408.98	408.98	408.98	563.10	661.46
Deferred tax assets/(liabilities) (net)	**2,980.30**	**1,974.34**	**3,880.15**	**(712.01)**	**(2,846.04)**

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 14					
LONG-TERM LOANS AND ADVANCES					
Assets on finance# ^					
Secured, considered good*	677,298.61	678,671.93	812,038.99	813,772.18	687,346.27
Secured, considered doubtful*	49,395.77	22,931.81	55,627.39	30,312.71	9,013.05
Unsecured, considered good	87,602.79	80,833.20	81,876.88	65,880.02	41,603.72
	814,297.17	**782,436.94**	**949,543.26**	**909,964.91**	**737,963.04**
Others					
Unsecured, considered good					
Capital advances	16.87	118.78	12.36	20.26	14.07
Loans to staff	11.98	103.54	126.98	123.82	55.93
Loans and advances to related parties [Note 31]	163.05	163.05	169.34	179.60	161.28
Tax advances and deduction at source	9,158.60	8,322.35	408.48	1,125.63	1,649.98
Security deposits	1,016.59	1,026.45	853.27	828.53	814.78
Other loans and advances					
Margin with body corporate	-	-	-	-	487.78
	10,367.09	**9,734.17**	**1,570.43**	**2,277.84**	**3,183.82**
Unsecured, considered doubtful					
Other loans and advances					
Advances recoverable in cash or kind or for value to be received	505.27	500.00	332.00	212.00	150.00
Less: Provision against loans and advances **	505.27	500.00	332.00	212.00	150.00
	-	**-**	**-**	**-**	**-**

Annexure-IV

(₹ in Lacs)

Note: 14 Long-Term Loans And Advances (Contd.)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Share of joint venture	115.77	96.76	102.58	48.94	24.00
	824,780.03	**792,267.87**	**951,216.27**	**912,291.69**	**741,170.86**

^ Assets on finance is net of amounts securitised/assigned aggregating to (₹ in lacs).	3,51,090.64	4,13,253.04	4,08,431.81	629,246.58	652,506.92
**During the year , the company has created a provision towards other loans and advances (₹ in lacs)	5.27	168.00	120.00	62.00	40.00
**Accordingly, the balance of provision against other loans and advances (₹ in lacs)	505.27	500.00	332.00	212.00	150.00

* Secured by underlying assets financed

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 15					
OTHER NON-CURRENT ASSETS					
Others					
Non-current bank balances *^	2,312.37	9,518.09	2,023.21	945.27	5,031.41
Unamortised borrowings costs	1,388.47	1,843.32	1,247.03	1,776.39	1,832.26
Unamortised loan origination costs (net)	7,017.58	7,399.87	6,958.54	8,506.73	8,149.26
Gratuity (excess of plan assets over obligation)	158.35	178.09	303.05	273.77	376.81
	10,876.77	**18,939.37**	**10,531.83**	**11,502.16**	**15,389.74**
Share of joint venture	841.14	822.23	2,960.01	2,111.19	2,302.64
	11,717.91	**19,761.60**	**13,491.84**	**13,613.35**	**17,692.38**
* Balances with banks held as security against borrowings, guarantees amounts to (₹ in lacs)	331.94	475.17	312.28	299.76	551.13
^ Balances with banks held as cash collateral for securitisation / direct assignments of receivables amounts to (₹ in lacs).	1,980.43	9,042.92	1633.26	645.51	4,480.28

Annexure-IV

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 16					
CURRENT INVESTMENTS					
Other investment					
Investment in mutual funds (valued at lower of cost and fair value) (Non-trade investment)					
Quoted	-	10.79	2.09	2.89	6.43
Others (at cost) (Non-trade investment)					
In Pass through certificates * [Note 12]	6,504.06	5,148.61	3,266.60	8,111.84	10,304.49
	6,504.06	**5,159.40**	**3,268.69**	**8,114.73**	**10,310.92**
Share of joint venture	6,069.19	2,196.65	4,283.93	2,467.01	679.28
	12,573.25	**7,356.05**	**7,552.62**	**10,581.74**	**10,990.20**
Aggregate book value of quoted investments	-	10.79	2.09	2.89	6.43
Aggregate market value of quoted investments	-	2.72	2.72	3.48	7.10
Aggregate book value of unquoted investments	6,504.06	5,148.61	3,266.60	8,111.84	10,304.49

* The Company has invested in the Pass Through Certificates (PTCs) on the assets securitised by it, as Minimum Retention Ratio, as prescribed in the guidelines issued by Reserve Bank of India from time to time.

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 17					
TRADE RECEIVABLES					
Unsecured, considered good					
Debts outstanding for a period exceeding six months from the date they became due for payment	-	-	221.67	-	-
Other debts	334.80	674.93	483.66	754.87	1,551.53
	334.80	**674.93**	**705.33**	**754.87**	**1,551.53**

Annexure-IV

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 18					
CASH AND BANK BALANCES					
Cash and cash equivalents					
Cash in hand	4,026.16	5,433.66	6,420.91	5,690.14	5,944.80
Balances with banks					
In current and cash credit accounts	4,436.16	6,411.06	13,867.81	18,005.64	35,044.04
In deposits with original maturity of three months or less	1,697.69	1,624.27	1,530.36	150.38	-
Share of joint venture of cash and cash equivalents	1,084.79	700.64	482.99	413.61	214.16
	11,244.80	**14,169.63**	**22,302.07**	**24,259.77**	**41,203.00**
Other bank balances *^					
In unpaid dividend account	34.56	32.28	28.54	24.50	21.16
In deposits with original maturity of three months or less	232.65	522.00	-	6,029.71	3,096.91
In deposits with original maturity of more than three months to twelve months	14,362.73	11,116.63	13,781.86	24,311.19	26,349.05
Current maturities of deposits with original maturity of more than twelve months	13,567.33	7,208.74	4,192.00	7,667.55	10,969.12
Share of joint venture of other bank balances	2,349.51	2,281.68	533.99	390.34	1,020.11
	30,546.78	**21,161.33**	**18,536.39**	**38,423.29**	**41,456.35**
	41,791.58	**35,330.96**	**40,838.46**	**62,683.06**	**82,659.35**

* Balances with banks held as security against borrowings, guarantees amounts to (₹ in lacs)	2,287.55	2,058.83	1,842.73	2,684.74	2,406.61
^ Balances with banks held as cash collateral for securitisation / direct assignment of receivables amounts to (₹ in lacs).	25,791.18	16,347.65	14,439.46	30,575.98	37,997.01
Fixed deposits accounts with more than twelve months maturity included under 'Other non-current assets' amounting to (₹ in lacs)	2,312.37	9,518.09	2,023.21	945.27	5,031.41

Annexure-IV

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 19					
SHORT-TERM LOANS AND ADVANCES					
Asset on finance					
Secured, considered good*	275,826.27	297,445.97	363,780.66	345,586.32	338,398.81
Unsecured, considered good	108,493.19	109,926.12	92,081.24	69,590.77	57,443.52
	384,319.46	**407,372.09**	**455,861.90**	**415,177.09**	**395,842.33**
Others					
Unsecured, considered good					
Loan and advances to related parties [Note 31]	331.76	391.69	743.85	536.53	-
Other loans and advances					
Loans to staff	133.25	452.03	282.69	289.07	222.26
Advances recoverable in cash or kind or for value to be received	4,018.78	4,550.97	5,650.21	7,730.96	9,941.72
Prepaid expenses	834.73	717.91	770.59	650.65	636.07
Margin with body corporate	1,140.03		-	78.87	-
Balances with statutory / government authorities	-	1,226.31	1,284.14	1,788.16	2,182.79
	6,458.55	**7,338.91**	**8,731.48**	**11,074.24**	**12,982.84**
Share of joint venture	1,360.07	1,966.70	567.83	335.19	73.04
	392,138.08	**416,677.70**	**465,161.21**	**426,586.52**	**408,898.21**

* Secured by underlying assets financed

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Note: 20					
OTHER CURRENT ASSETS					
Others					
Accrued interest / financial charges	1,666.47	1,806.63	1,844.37	1,694.77	1,219.09
Unamortised borrowings costs	1,205.31	1,286.97	1,244.89	1,612.26	2,131.10
Unamortised loan origination costs (net)	6,740.05	6,842.40	7,079.59	8,114.80	7,515.44
Others	29.44	66.14	190.43	16.88	54.71
	9,641.27	**10,002.14**	**10,359.28**	**11,438.71**	**10,920.34**
Share of joint venture	1,854.24	2,358.45	1,953.07	1,202.93	1,102.20
	11,495.51	**12,360.59**	**12,312.35**	**12,641.64**	**12,022.54**

Annexure-IV

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Note: 21					
REVENUE FROM OPERATIONS					
Interest / finance income					
On assets on finance	189,529.92	210,963.21	227,445.74	203,062.99	182,588.73
On securitisation	13,366.11	9,184.13	1,988.47	11,523.33	10,346.12
On pass through certificates	967.96	679.68	408.76	970.86	1,144.32
On fixed deposits	2,253.28	1,887.98	2,469.56	4,019.42	3,999.15
On loans and margins	665.38	874.23	926.37	1,394.46	900.48
	206,782.65	**223,589.23**	**233,238.90**	**220,971.06**	**198,978.80**
Other financial income					
Lease rentals	2,728.96	2,438.63	1,325.84	529.71	77.60
Collection and support services	1,762.90	2,106.55	3,786.84	8,014.50	6,155.74
Foreclosure charges	3,760.85	3,810.09	4,018.22	2,986.17	2,160.47
Income on non-convertible debenture	-	-	2,199.99	-	-
Management fees/Documentation Charges	6,804.90	1,222.09	1,172.34	1,269.51	701.85
Others	1,561.87	1,232.81	1,315.68	1,048.33	926.60
	16,619.48	**10,810.17**	**13,818.91**	**13,848.22**	**10,022.26**
Share of joint venture	743.87	748.32	719.53	658.65	640.38
	224,146.00	**235,147.72**	**247,777.34**	**235,477.93**	**209,641.44**

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Note: 22					
OPERATING RESULT FROM GENERAL INSURANCE BUSINESS					
Premium income					
Premiums earned (net)	13,749.28	13,442.58	14,799.67	15,012.38	8,440.22
Interest, dividend and rent (gross)	2,721.06	2,368.85	2,174.21	1,615.36	718.62
Profit / (loss) on sale / redemption of investments (net)	208.08	272.45	197.49	612.49	27.86
Others	26.50	33.22	16.64	10.41	2.46
	16,704.92	**16,117.10**	**17,188.01**	**17,250.64**	**9,189.16**
Operating expense					
Claims incurred (net)	11,405.11	10,636.96	12,632.01	12,599.68	7,164.84
Commission (net)	(1,017.36)	(178.07)	44.48	280.15	204.48
Contribution to solatium fund	10.82	7.84	6.32	6.49	7.02
Operating expenses related to insurance business	6,239.80	5,820.13	4,999.60	4,479.17	3,322.25
Premium deficiency	7.26	(55.28)	63.40	-	-
	16,645.63	**16,231.58**	**17,745.81**	**17,365.49**	**10,698.59**
	59.29	**(114.48)**	**(557.80)**	**(114.85)**	**(1,509.43)**

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Note: 23					
OTHER INCOME					
Sale of power	1,015.74	1,108.90	1,034.07	1,043.76	1,148.44
Insurance commission	759.29	480.87	626.76	703.30	582.65
Commission income	163.89	673.49	-	-	-
Gain on sale of fixed assets (net)	190.35	9.70	-	-	-
Gain on sale of investments (net)	1.50	-	5.27	0.47	62.82
Rental income	2.56	2.61	2.63	2.67	2.67
Excess provision on investment written back	-	-	34.53	-	-
Delinquency Fund	919.06	1,108.30	876.76	-	-
Bad debt recoveries	2,044.30	1,485.59	653.96	1,243.80	1,773.41
Miscellaneous income	501.15	545.01	118.62	11.71	44.20
	5,597.84	**5,414.47**	**3,352.60**	**3,005.71**	**3,614.19**
Share of joint venture	55.52	83.22	60.94	229.17	23.10
	5,653.36	**5,497.69**	**3,413.54**	**3,234.88**	**3,637.29**

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Note: 24					
EMPLOYEE BENEFITS EXPENSE					
Salaries and wages	33,788.23	26,757.98	29,048.19	33,628.18	22,382.08
Contribution to provident and other funds	1,546.58	1,574.08	1,318.32	1,458.44	845.12
Employee share based compensation expense	50.08	(37.91)	230.82	3.06	63.02
Staff welfare expenses	1,406.74	977.21	1,124.37	1,092.31	1,014.82
	36,791.63	**29,271.36**	**31,721.70**	**36,181.99**	**24,305.04**
Share of joint venture	60.69	60.68	-	-	-
	36,852.32	**29,332.04**	**31,721.70**	**36,181.99**	**24,305.04**

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Note: 25					
FINANCE COSTS					
Interest expense					
On debentures	14,811.91	19,948.81	26,492.82	32,996.88	36,602.59
On term loans	26,185.59	30,902.80	26,432.79	25,064.56	19,064.93
On cash credit and working capital facilities	34,114.39	45,059.47	43,902.55	43,273.94	40,686.60
On others	10.93	109.08	352.91	301.55	304.95
Discount on commercial papers	11,220.69	12,387.35	17,452.70	16,751.11	15,952.35
Other borrowing costs	4,202.54	4,745.83	4,502.70	4,947.85	5,292.82
Mark-to-market (profit) / loss on derivative contracts	-	(23.10)	23.10	(42.32)	(197.06)
	90,546.05	**113,130.24**	**119,159.57**	**123,293.57**	**117,707.18**

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Note: 26					
PROVISIONS AND BAD DEBTS WRITTEN-OFF					
Bad debts written-off	28,273.34	21,130.03	25,752.03	16,957.01	11,117.98
Net loss / (gain) on sale of non-performing assets *	(1,904.75)	21,146.71	-	-	-
Provision for non-performing assets	10,597.95	18,469.21	11,635.57	6,899.41	7,267.07
Contingent provision against standard assets	420.00	(60.00)	110.00	580.00	24.00
	37,386.54	**60,685.95**	**37,497.60**	**24,436.42**	**18,409.05**

* Net of reversals of provision on sale of non-performing assets ₹ Nil (2017: ₹ 30,688.97 lacs) and share of loss on sale of NPA received.

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
Note: 27					
OTHER EXPENSES					
Rent	1,980.16	1,688.86	1,802.94	1,783.15	1,562.07
Brokerage and commission	9,584.17	11,178.34	12,255.73	12,937.12	11,292.80
Rates and taxes	44.11	73.76	79.94	49.49	131.87
Insurance	46.17	113.06	102.98	94.39	120.03
Advertisement and publicity	277.12	303.70	389.30	520.99	723.14
Travelling and conveyance	2,277.87	2,216.66	2,588.21	2,748.57	2,169.12
Repairs and maintenance					
- machinery	362.29	371.92	241.98	222.10	646.78
- others	1,459.28	1,259.45	1,187.20	945.78	151.21
Payment to Directors					
- fees	103.88	20.01	15.43	14.43	13.91
- commission	200.00	12.40	170.50	143.35	158.35
Professional fees	2,970.63	2,083.31	2,067.97	2,120.53	1,784.22
Legal charges	1,707.20	1,986.47	1,736.06	1,467.67	1,374.33
Outsourced collection charges	2,248.15	697.82	-	-	-
Printing and stationery	557.37	534.91	584.89	631.80	570.56
Communication	1,203.18	1,434.95	1,398.47	1,325.30	1,146.49
Electricity charges	717.31	696.42	656.33	691.33	689.09
Corporate social responsibility expenditure[Note 41]	384.68	384.64	355.71	30.95	15.47
Loss on sale of fixed assets (net)	-	-	2.30	52.53	26.40
Capital work in progress written-off	597.69	690.13	-	-	-
Miscellaneous expenses	1,600.93	2,077.17	2,034.82	3,045.34	5,643.06
	28,322.19	**27,823.98**	**27,670.76**	**28,824.82**	**28,218.90**
Share of joint venture	23.48	29.47	52.80	55.24	43.45
	28,345.67	**27,853.45**	**27,723.56**	**28,880.06**	**28,262.35**

Note: (₹ in Lacs)

28 Segment reporting

The Group is organised into following reportable segments referred to in Accounting Standard (AS - 17) "Segment Reporting":

(a) Primary segment: Business segment

For FY 2017-18

	Finance and mortgages	General insurance	Others	Total
Revenue				
(i) External and other income	**227,983.25**	**840.53**	**1,034.87**	**229,858.65**
	(238,608.94)	(692.27)	(1,229.72)	(240,530.93)
(ii) Inter-segment	**524.51**	**(524.51)**	**-**	**-**
	(331.21)	(-331.21)	(-)	(-)
Total revenue	**228,507.76**	**316.02**	**1,034.87**	**229,858.65**
	(238,940.15)	(361.06)	(1,229.72)	(240,530.93)
Result - Profit / (loss) before tax	**31,337.47**	**249.34**	**218.81**	**31,805.62**
	(4,106.74)	(294.76)	(277.62)	(4,679.12)
Other information				
Segment assets	**1,311,661.09**	**52,282.94**	**6,182.61**	**1,370,126.64**
	(1,312,375.32)	(43,154.01)	(6,693.54)	(1,362,222.87)
Segment liabilities	**1,095,082.78**	**42,801.57**	**292.44**	**1,138,176.79**
	(1,106,899.26)	(33,879.61)	(811.04)	(1,141,589.91)
Capital expenditure	**5,240.68**	**364.87**	**-**	**5,605.55**
	(6,268.38)	(327.36)	(-)	(6,595.74)
Depreciation and amortisation	**4,512.06**	**134.45**	**410.39**	**5,056.90**
	(4,439.74)	(53.62)	(410.39)	(4,903.75)
Non-cash expenses	**11,068.03**	**-**	**-**	**11,068.03**
(other than depreciation)	(18,348.20)	(-)	(-)	(18,348.20)

For FY 2016-17 (₹ in Lacs)

	Finance and mortgages	General insurance	Others	Total
Revenue				
(i) External and other income	**238,608.94**	**692.27**	**1,229.72**	**240,530.93**
	(249,118.20)	(173.90)	(1,340.98)	(250,633.08)
(ii) Inter-segment	**331.21**	**(331.21)**	**-**	**-**
	(406.14)	(406.14)	(-)	(-)
Total revenue	**238,940.15**	**361.06**	**1,229.72**	**240,530.93**
	(249,524.34)	(-232.24)	(1,340.98)	(250,633.08)
Result - Profit / (loss) before tax	**4,106.74**	**294.76**	**277.62**	**4,679.12**
	(30,680.16)	(-238.4)	(140.46)	(30,582.22)
Other information				
Segment assets	**1,312,375.32**	**43,154.01**	**6,693.54**	**1,362,222.87**
	(1,508,687.89)	(39,379.41)	(7,352.01)	(1,555,419.31)
Segment liabilities	**1,106,899.26**	**33,879.61**	**811.04**	**1,141,589.91**
	(1,303,080.19)	(30,363.93)	(1,353.55)	(1,334,797.67)
Capital expenditure	**6,268.38**	**327.36**	**-**	**6,595.74**
	(5,762.31)	(55.38)	(-)	(5,817.69)
Depreciation and amortisation	**4,439.74**	**53.62**	**410.39**	**4,903.75**
	(3,046.46)	(-)	(410.48)	(3,456.94)
Non-cash expenses	**18,348.20**	**-**	**-**	**18,348.20**
(other than depreciation)	(11,999.49)	(-)	(-)	(11,999.49)

Annexure-IV

Note: (₹ in Lacs)

28 Segment Reporting (Contd.)

For FY 2015-16

	Finance and mortgages	General insurance	Others	Total
Revenue				
(i) External and other income	**249,118.20**	**173.90**	**1,340.98**	**250,633.08**
	(236,490.53)	(718.66)	(1,388.77)	(238,597.96)
(ii) Inter-segment	**406.14**	**(-406.14)**	**-**	**-**
	(397.02)	(397.02)	(-)	(-)
Total revenue	**249,524.34**	**(232.24)**	**1,340.98**	**250,633.08**
	(236,887.55)	(321.64)	(1,388.77)	(238,597.96)
Result - Profit / (loss) before tax	**30,680.16**	**(238.40)**	**140.46**	**30,582.22**
	(21,921.99)	(318.46)	(108.53)	(22,348.98)
Other information				
Segment assets	**1,508,687.89**	**39,379.41**	**7,352.01**	**1,555,419.31**
	(1,453,935.51)	(30,518.33)	(7,551.69)	(1,492,005.53)
Segment liabilities	**1,303,080.19**	**30,363.93**	**1,353.55**	**1,334,797.67**
	(1,283,582.21)	(23,816.12)	(1,878.05)	(1,309,276.38)
Capital expenditure	**5,762.31**	**55.38**	**-**	**5,817.69**
	(7,648.05)	(59.94)	(-)	(7,707.99)
Depreciation and amortisation	**3,536.83**	**62.43**	**411.60**	**4,010.86**
	(3,046.46)	(-)	(410.48)	(3,456.94)
Non-cash expenses	**11,999.49**	**-**	**-**	**11,999.49**
(other than depreciation)	(7,437.09)	(-)	(-)	(7,437.09)

For FY 2014-15 (₹ in Lacs)

	Finance and mortgages	General insurance	Others	Total
Revenue				
(i) External and other income	**236,490.53**	**718.66**	**1,388.77**	**238,597.96**
	(211,211.22)	(-891.36)	(1,423.04)	(211,742.90)
(ii) Inter-segment	**397.02**	**(397.02)**	**-**	**-**
	(339.46)	(339.46)	(-)	(-)
Total revenue	**236,887.55**	**321.64**	**1,388.77**	**238,597.96**
	(211,550.68)	(-1230.82)	(1,423.04)	(211,769.30)
Result - Profit / (loss) before tax	**21,921.99**	**318.46**	**108.53**	**22,348.98**
	(20,927.47)	(1,230.82)	(71.53)	(19,768.18)
Other information				
Segment assets	**1,453,935.51**	**30,518.33**	**7,551.69**	**1,492,005.53**
	(1,294,248.25)	(21,786.84)	(7,949.80)	(1,323,984.89)
Segment liabilities	**1,283,582.21**	**23,816.12**	**1,878.05**	**1,309,276.38**
	(1,137,580.24)	(15,300.35)	(2,426.79)	(1,155,307.38)
Capital expenditure	**7,648.05**	**59.94**	**-**	**7,707.99**
	(2,482.28)	(66.45)	(-)	(2,548.73)
Depreciation and amortisation	**3,046.46**	**-**	**410.48**	**3,456.94**
	(2,805.27)	(-)	(512.23)	(3,317.50)
Non-cash expenses	**7,437.09**	**-**	**-**	**7,437.09**
(other than depreciation)	(7,094.01)	(-)	(-)	(7,094.01)

Previous year's figures are stated in brackets.

(i) The segment information is based on the consolidated financial statements.

(ii) The reportable segment of the group are further described as below:

(a) Finance and mortgages - this includes asset, SME and housing finance.

(b) General insurance - this includes general insurance business.

(c) Others - includes windmill and other allied activities.

(b) All the companies included in above reporting operate within India. Hence geographic segment is not applicable.

29 Lease transactions in the capacity of Lessee

Lease rental expense under non-cancellable operating lease during the year amounted to ₹ 421.44 lacs (2017: ₹ 65.19 lacs), (2016: ₹ 29.17 lacs), (2015: ₹ 163.90 lacs),(2014: ₹ 191.10 lacs) [share of joint venture ₹ 30.43 lacs (2017: ₹ 21.85 lacs), (2016: Nil)]. Future minimum lease payments under non-cancellable operating lease is as below:

(₹ in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Not later than one year	442.02	84.18	43.26	70.72	100.75
Later than one year but not later than five years	422.31	87.16	123.01	175.16	47.96
Later than five years	-	-	42.15	128.44	42.83

Additionally, the Company uses the office facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year amounts to ₹ 1,894.76 lacs (2017: ₹ 2,095.33 lacs), (2016: ₹ 1,956.45 lacs), (2015: ₹ 1,787.11 lacs), (2014: ₹ 1,533.54 lacs) [share of joint venture ₹ 119.62 lacs (2017: ₹ 101.67 lacs), (2016: ₹ 41.69 lacs), (2015: ₹ 35.59 lacs), (2014: ₹ 3.93 lacs)].

30 Earnings per share (EPS)

The computation of EPS is set out below:

		Particulars	Units	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
		Basic & Diluted						
a)	(i)	Weighted average number of equity shares (Face value of ₹ 2/- per share) for basic EPS	Nos.	236,981,217	236,903,308	232,096,351	190,289,119	190,056,650
	(ii)	Weighted average number of equity shares for diluted EPS [after considering 6.36 lacs shares (2017: 4.03 lacs), (2016: 7.43 lacs), (2015: 8.68 lacs) and (2014: 2.17 lacs) resulting from assumed exercise of employee stock options and equity warrants]	Nos.	237,616,802	237,306,305	232,839,048	191,157,516	190,273,412
b)		Net profit after tax	₹ in Lacs	23,042.41	2,045.27	21,137.71	18,066.74	15,182.87
c)		Less : Preference dividend including tax thereon	₹ in Lacs	0.01	3.39	515.40	1,171.60	1,268.46
d)	(i)	Net profit for equity shareholders for basic EPS	₹ in Lacs	23,042.40	2,041.88	20,622.31	16,895.14	13,914.41
	(ii)	Net profit for equity shareholders for diluted EPS	₹ in Lacs	23,042.40	2,041.88	20,622.31	16,895.14	13,914.41
e)	(i)	Earnings per share (Face value of ₹ 2/- per share) – basic	₹	9.72	0.86	8.89	8.88	7.32
	(ii)	Earnings per share (Face value of ₹ 2/- per share) – diluted	₹	9.70	0.86	8.86	8.84	7.31

31 Related party disclosures **Annexure-IV**

Related party disclosures as at and for the year ended 31 March 2018.

(A) Names of the related parties where control exists	**Nature of relationship**
i. Mr. Narayan K Seshadri	Chairman & Independent Director
ii. Mr. Sanjay Chamaria	Vice Chairman & Managing Director
iii. Mr. Mayank Poddar	Whole Time Director
iv. Mr. Sanjay Nayar	Director
v. Mrs. Ritva Kaarina Laukkanen (upto 14 May 2017)	Director

(B) Key managerial personnel	**Nature of Relationship**
i. Mr. Mayank Poddar	Whole Time Director
ii. Mr. Sanjay Chamria	Vice Chairman & Managing Director
iii. Mr. Kailash Baheti	Chief Financial Officer (w.e.f. 04 November 2016)
iv. Mrs. Shabnum Zaman	Company Secretary
v. Mr. Atul Avadh Bansal	Chief Financial Officer (upto 03 November 2016)

(C) Others - With whom transactions have taken place during the year

Names of other related parties	**Nature of relationship**
i. Celica Developers Private Limited	Private Company in which Director or his relative is Member or Director
ii. Finance Industry Development Council	Private Company in which Director or his relative is Member or Director
iii. Microfirm Capital Private Limited	Private Company in which Director or his relative is Member or Director
iv. Experian Credit Information Company of India Private Limited	Private Company in which Director or his relative is Member or Director
v. Magma Consumer Finance Private Limited	Private Company in which Director or his relative is Member or Director
vi. Devsar Vyapaar Pvt. Ltd	Private Company in which Director or his relative is Member or Director
vii. Columbine Decorative & Marketing Private Limited	Private Company in which Director or his relative is Member or Director
viii. CLP Business LLP	Firm in which Director or his relative is Partner
ix. Mr. Nabankur Gupta	Independent Director
x. Mr. Satya Brata Ganguly	Independent Director
xi. Mr. V K Viswanathan	Independent Director (w.e.f. 13 August 2016)
xii. Mr. Kailash Baheti	Chief Financial Officer (w.e.f. 04 November 2016)
xiii Mrs. Shabnum Zaman	Company Secretary
xiv. Mrs. Madhumita Dutta Sen (w.e.f. 29 August 2017)	Nominee Director
xv. Mr. Atul Avadh Bansal	Chief Financial Officer (upto 03 November 2016)
xvi. Mr. Harshvardhan Chamria	Relative of Key Managerial Personnel

(₹ in Lacs)

Name of related party	**Nature of transaction**	**Transaction value for the year ended 31 March 2018**	**Outstanding amount as at 31 March 2018**	Transaction value for the year ended 31 March 2017	Outstanding amount as at 31 March 2017
A) Private company in which Director is Member or Director					
1. Celica Developers Private Limited	Long-term loans and advances given	-	163.05	24.19	163.05
	Refund of long-term loans and advances given	-	-	30.48	-
	Rent expense	251.69		411.43	-
	Equity dividend paid	235.48		-	-
	Corporate policy issued	1.74	-	2.11	-
2 Finance Industry Development Council	Annual subscription	-	-	1.15	-
				-	-
3. Microfirm Capital	Equity dividend paid	272.13	-	-	-
	Investment in cumulative preference share	-	1,271.14	-	1,271.14
	Dividend income	0.01	-	0.01	-
4. Columbine Decorative & Marketing Pvt Ltd.	Corporate policy issued	0.12	-	-	-
5. Magma Consumer Finance Private Limited	Corporate policy issued	0.23	-	-	-
	Sale of assets	-	-	14.44	-
	Claims payment	1.22	-	-	-
6. Devsar Vyapaar	Corporate policy issued	0.06	-	-	-
7. Experian Credit Information Company of India Private Limited	Annual subscription	0.06	-	-	-
	Professional fees	39.49	-	-	-
	Capital work-in-progress (Credit engine)	69.00	-	-	-
8. CLP Business LLP	Payment of rent	8.66	-	-	-
	Long-term loans and advance given	6.45	6.45		

31 Related party disclosures (Contd.)

(₹ in Lacs)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2018	Outstanding amount as at 31 March 2018	Transaction value for the year ended 31 March 2017	Outstanding amount as at 31 March 2017
B) Key management personnel					
1. Mayank Poddar	Rent expense	-	-	2.03	-
	Directors' remuneration	150.00	-	150.00	-
	Corporate policy issued	0.05	-	0.06	-
2. Sanjay Chamria	Directors' remuneration	200.00	-	150.00	-
	Provision for commission	230.00	230.00	-	-
3. Mr. Kailash Baheti	Salary	246.82	-	97.48	-
	Amount received against exercise of ESOP	18.00	-	-	
4. Mrs. Shabnum Zaman	Salary	22.33	-	19.13	-
5. Mr. Atul Avadh Bansal	Salary	-	-	84.34	
C) Directors					
1. Mr. Narayan K Seshadri	Sitting fees	17.30	-	2.90	-
	Commission	65.00	65.00	-	-
2. Mr. Nabankur Gupta	Sitting fees	16.20	-	2.60	-
	Commission	45.00	45.00	-	-
3. Mr. Satya Brata Ganguly	Sitting fees	24.50	-	7.80	-
	Commission	45.00	45.00	-	-
4. Mr. V K Viswanathan	Sitting fees	21.83	-	3.52	-
	Commission	45.00	45.00	-	-
5 Mr. Sanjay Nayar	Sitting fees	3.00	-	0.80	-
6 Mrs Madhumita Dutta Sen	Sitting Fees	2.00	-	-	-
7. Mrs. Ritva Kaarina Laukkanen	Sitting fees	2.00	-	0.80	-
D) Relatives of Directors					
1. Mr. Harshvardhan Chamria	Salary	90.66	-	77.92	-

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 and joint venture entities.

Related party disclosures as at and for the year ended 31 March 2017.

(A) Names of the related parties where control exists	**Nature of relationship**
i. Mr. Narayan K Seshadri	Chairman & Independent Director
ii. Mr. Sanjay Chamria	Vice Chairman & Managing Director
iii. Mr. Mayank Poddar	Whole Time Director
iv. Mr. Sanjay Nayar	Director
v. Mrs. Ritva Kaarina Laukkanen	Director

(B) Others - With whom transactions have been taken place during the year

Names of other related parties	**Nature of relationship**
i. Celica Developers Private Limited	Private Company in which Director or his relative is Member or Director
ii. Tranzmute Capital & Management Private Limited	Private Company in which Director or his relative is Member or Director
iii. Microfirm Capital Private Limited	Private Company in which Director or his relative is Member or Director
iv. Devsar Vyapaar Private Limited	Private Company in which Director or his relative is Member or Director
v. Pragati Sales LLP	Firm in which Director or his relative is a Partner
vi. Magma Consumer Finance Private Limited	Private Company in which Director or his relative is Member or Director
vii. Finance Industry Development Council	Private Company in which Director or his relative is Member or Director
viii. Mr. Neil Graeme Brown	Independent Director (upto 06 May 2016)
ix. Mr. Nabankur Gupta	Independent Director
x. Mr. Satya Brata Ganguly	Independent Director
xi. Mr. V K Viswanathan	Independent Director (w.e.f. 13 August 2016)
xii. Mrs. Shabnum Zaman	Company Secretary (w.e.f. 02 August 2015)
xiii Mr. Atul Bansal	Chief Financial Officer (upto 03 November 2016)
xiv. Mr. Kailash Baheti	Company Secretary (upto 01 August 2015) & Chief Financial Officer (w.e.f. 04 November 2016)
xv. Mr. Harshvardhan Chamria	Relative of Key Managerial Personnel

31 Related party disclosures (Contd.)

(₹ in Lacs)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2017	Outstanding amount as at 31 March 2017	Transaction value for the year ended 31 March 2016	Outstanding amount as at 31 March 2016
A) Private company in which Director is Member or Director					
1. Celica Developers Private Limited	Long-term loans and advances given	24.19	163.05	30.24	169.34
	Refund of long-term loans and advances given	30.48	-	-	-
	Investment in Non Convertible Debenture	-	-	20,700.00	-
	Redemption of Non Convertible Debenture	-	-	20,700.00	-
	Income on Non Convertible Debenture	-	-	2,199.99	-
	Purchase of preference shares of Magma Advisory Services Limited	-	-	24,888.89	-
	Unsecured loan taken	-	-	2,190.00	-
	Refund of Unsecured loan taken	-	-	2,192.51	-
	Interest expense	-	-	2.51	-
	Rent expense	411.43	-	348.31	-
	Equity dividend paid	-	-	235.48	-
	Corporate policy issued	2.11	-	1.53	-
2. Tranzmute Capital & Management Private Limited	Refund of long-term loans and advances given	-	-	40.50	-
	Electricity charges paid	-	-	0.67	-
	Telephone charges paid	-	-	0.94	-
3. Finance Industry Development Council	Annual subscription	1.15	-	0.56	-
4. Microfirm Capital Private Limited	Equity dividend paid	-	-	272.13	-
	Unsecured loan taken (including interest)	-	-	685.95	-
	Refund of unsecured loan taken (including interest)	-	-	943.37	-
	Investment in Redeemable Cumulative Preference shares	-	1,271.14	-	1,271.14
	Interest expense	-	-	34.95	-
	Dividend income	0.01	-	-	-
5. Pragati Sales LLP	Unsecured loan taken (including interest)	-	-	72.19	-
	Refund of unsecured loan taken (including interest)	-	-	110.83	-
	Interest expense	-	-	4.19	-
6. Magma Consumer Finance Private Limited	Unsecured loan taken (including interest)	-	-	1,704.86	-
	Refund of unsecured loan taken (including interest)	-	-	1,704.86	-
	Sale of assets	14.44	-	-	-
	Interest expense	-	-	29.86	-
7. Devsar Vyapaar Private Limited	Unsecured loan taken (including interest)	-	-	202.89	-
	Refund of unsecured loan taken (including interest)	-	-	866.41	-
	Interest expense	-	-	87.39	-
B) Key management personnel					
1. Mr.Mayank Poddar	Rent expense	2.03	-	1.88	-
	Directors' remuneration	150.00	-	150.00	-
	Premium for policies underwritten	0.06	-	-	-
2. Mr.Sanjay Chamria	Directors' remuneration	150.00	-	150.00	-
	Provision for commission	-	-	160.00	160.00
3. Mr. Kailash Baheti	Salary	97.48	-	37.48	-
4. Mrs. Shabnum Zaman	Salary	19.13	-	10.49	-
5. Mr. Atul Bansal	Salary	84.34	-	154.74	-
C) Directors					
1. Mr. Neil Graeme Brown	Sitting fees	-	-	1.20	-
	Commission*	-	-	35.00	35.00
2. Mr. Narayan K Seshadri	Sitting fees	2.90	-	2.20	-
	Commission*	-	-	75.00	75.00
3. Mr. Nabankur Gupta	Sitting fees	2.60	-	1.60	-
	Commission*	-	-	30.00	30.00
4. Mr. Satya Brata Ganguly	Sitting fees	7.80	-	5.80	-
	Commission*	-	-	20.00	20.00
5. Mr. V K Viswanathan	Sitting fees	3.52	-	-	-
6. Mr. Sanjay Nayar	Sitting fees	0.80	-	1.40	-
7. Mrs. Ritva Kaarina Laukkanen	Sitting fees	0.80	-	0.60	-
D) Relatives of Directors					
1. Mr. Harshvardhan Chamria	Salary	77.92	-	38.78	-

31 Related party disclosures (Contd.)

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 and joint venture entities.

* Commission provided in financial year 2015-16 has been fully paid in financial year 2016-17.

Related party disclosures as at and for the year ended 31 March 2016.

(A) Names of the related parties where control exists	**Nature of relationship**
i. Mr. Mayank Poddar	Chairman
ii. Mr. Sanjay Chamria	Vice Chairman & Managing Director
iii. Mr. Sanjay Nayar	Director
iv. Mrs. Ritva Kaarina Laukkanen	Director (w.e.f. 14 October 2014)

(B) Others - With whom transactions have been taken place during the year

Names of other related parties	**Nature of relationship**
i. Celica Developers Private Limited	Private Company in which Director or his relative is Member or Director
ii. Tranzmute Capital & Management Private Limited	Private Company in which Director or his relative is Member or Director
iii. Microfirm Capital Private Limited	Private Company in which Director or his relative is Member or Director
iv. Devsar Vyapaar Private Limited	Private Company in which Director or his relative is Member or Director
v. Pragati Sales LLP *(Formerly Pragati Sales Private Limited)*	Firm in which Director or his relative is a Partner
vi. Magma Consumer Finance Private Limited	Private Company in which Director or his relative is Member or Director
vii. Finance Industry Development Council	Private Company in which Director or his relative is Member or Director
viii. Mr. Neil Graeme Brown	Independent Director
ix. Mr. Narayan K Seshadri	Independent Director
x. Mr. Nabankur Gupta	Independent Director
xi. Mr. Kailash Nath Bhandari	Independent Director (up to 14 May 2014)
xii. Mr. Satya Brata Ganguly	Independent Director
xiii. Mr. Girish Bhatia	Company Secretary (up to 6 September 2014)
xiv. Mr. Kailash Baheti	Company Secretary (w.e.f. 7 September 2014 up to 1 August 2015)
xv. Mrs. Shabnum Zaman	Company Secretary (w.e.f. 2 August 2015)
xvi. Mr. V. Lakshmi Narasimhan	Chief Financial Officer (up to 13 March 2015)
xvii. Mr. Atul Bansal	Chief Financial Officer (w.e.f. 13 March 2015)
xviii Mr. Harshvardhan Chamria	Relative of Key Managerial Personnel (w.e.f. 1 September 2014)

(₹ in Lacs)

Name of related party	**Nature of transaction**	**Transaction value for the year ended 31 March 2016**	**Outstanding amount as at 31 March 2016**	Transaction value for the year ended 31 March 2015	Outstanding amount as at 31 March 2015
A) Private company in which Director is Member or Director					
1. Celica Developers Private Limited	Long-term loans and advances given	30.24	169.34	8.06	139.10
	Refund of long-term loans and advances given	-	-	30.24	-
	Investment in Non Convertible Debenture	20,700.00	-	-	-
	Redemption of Non Convertible Debenture	20,700.00	-	-	-
	Income on Non Convertible Debenture	2,199.99	-	-	-
	Purchase of preference shares of Magma Advisory Services Limited	24,888.89	-	-	-
	Unsecured loan taken	2,190.00	-	-	-
	Refund of Unsecured loan taken	2,192.51	-	-	-
	Interest expense	2.51	-	-	-
	Rent expense	348.31	-	330.44	-
	Equity Dividend Paid	235.48	-	235.48	-
	Preference shares holding (Including securities premium received)	-	-	-	16,000.00
	Preference dividend paid	-	-	0.36	-
	Corporate Policy issued	1.53	-	1.71	-
2. Tranzmute Capital & Management Private Limited	Long-term loans and advances given	-	-	-	40.50
	Refund of long-term loans and advances given	40.50	-	-	-
	Rent expense	-	-	51.56	-
	Electricity charges paid	0.67	-	2.70	-
	Telephone charges paid	0.94	-	1.14	-
3. Finance Industry Development Council	Annual Subscription	0.56	-	0.56	-

31 Related party disclosures (Contd.)

(₹ in Lacs)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2016	Outstanding amount as at 31 March 2016	Transaction value for the year ended 31 March 2015	Outstanding amount as at 31 March 2015
4. Microfirm Capital Private Limited	Equity Dividend Paid	272.13	-	272.13	-
	Unsecured loan taken (including interest)	685.95	-	696.44	257.42
	Refund of unsecured loan taken (including interest)	943.37	-	622.00	-
	Interest expense	34.95	-	31.61	-
	Investment in Redeemable Cumulative Preference shares	-	1,271.14	-	1,271.14
5. Pragati Sales LLP	Unsecured loan taken (including interest)	72.19	-	181.07	38.64
	Refund of unsecured loan taken (including interest)	110.83	-	336.00	-
	Interest expense	4.19	-	26.74	-
6. Magma Consumer Finance Private Limited	Unsecured loan taken (including interest)	1,704.86	-	153.56	-
	Refund of unsecured loan taken (including interest)	1,704.86	-	153.56	-
	Interest expense	29.86	-	3.95	-
7. Devsar Vyapaar Private Limited	Unsecured loan taken (including interest)	202.89	-	161.38	663.52
	Refund of unsecured loan taken (including interest)	866.41	-	0.64	-
	Interest expense	87.39	-	0.50	-
B) Key management personnel					
1. Mayank Poddar	Rent expense	1.88	-	1.77	-
	Directors' remuneration	150.00	-	150.00	-
2. Sanjay Chamria	Directors' remuneration	150.00	-	150.00	-
	Commission	160.00	160.00	150.00	150.00
3. Mr. Girish Bhatia	Salary	-	-	27.06	-
4. Mr. Kailash Baheti	Salary	37.48	-	95.20	-
	Equity shares allotted on exercise of ESOP	-	-	13.50	-
5. Mrs. Shabnum Zaman	Salary	10.49	-	-	-
6. Mr. V. Lakshmi Narasimhan	Salary	-	-	161.31	-
	Equity shares allotted on exercise of ESOP	-	-	24.48	-
	Equity dividend paid	-	-	0.82	-
7. Mr. Atul Bansal	Salary	154.74	-	7.73	-
C) Directors					
1. Mr. Neil Graeme Brown	Sitting fees	1.20	-	2.20	-
	Commission*	35.00	35.00	30.00	30.00
2. Mr. Narayan K Seshadri	Sitting fees	2.20	-	3.00	-
	Commission*	75.00	75.00	65.00	65.00
3. Mr. Nabankur Gupta	Sitting fees	1.60	-	1.60	-
	Commission*	30.00	30.00	25.00	25.00
4. Mr. Kailash Nath Bhandari	Sitting fees	-	-	0.94	-
	Commission*	-	-	15.00	15.00
5. Mr. Satya Brata Ganguly	Sitting fees	5.80	-	5.80	-
	Commission*	20.00	20.00	15.00	15.00
6. Mr. Sanjay Nayar	Sitting fees	1.40	-	1.60	-
7. Mrs. Ritva Kaarina Laukkanen	Sitting fees	0.60	-	0.20	-
D) Relatives of Directors					
1. Mr. Harshvardhan Chamria	Salary	38.78	-	15.60	-

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 and joint venture entities.

* Commission provided in financial year 2014-15 has been fully paid in financial year 2015-16.

Related party disclosures as at and for the year ended 31 March 2015.

(A) Names of the related parties where control exists	**Nature of relationship**
i. Mr. Mayank Poddar	Chairman
ii. Mr. Sanjay Chamria	Vice Chairman & Managing Director
iii. Mr. Neil Graeme Brown	Independent Director
iv. Mr. Narayan K Seshadri	Independent Director
v. Mr. Nabankur Gupta	Independent Director
vi. Mr. Kailash Nath Bhandari	Independent Director (up to 14 May 2014)
vii. Mr. Satya Brata Ganguly	Independent Director
viii Mr. Sanjay Nayar	Director
ix. Mrs. Ritva Kaarina Laukkanen	Director (w.e.f. 14 October 2014)

31 Related party disclosures (Contd.)

(B) Others - With whom transactions have been taken place during the year

Names of other related parties	Nature of relationship
i. Celica Developers Private Limited	Private company in which Director is Member or Director
ii. Tranzmute Capital & Management Private Limited	Private company in which Director is Member or Director
iii. Microfirm Capital Private Limited	Private company in which Director is Member or Director
iv. Pragati Sales Private Limited	Private company in which Director is Member or Director
v. Magma Consumer Finance Private Limited	Private company in which Director is Member or Director
vi. Mr. Girish Bhatia	Company Secretary (up to 06 September 2014)
vii. Mr. Kailash Baheti	Company Secretary (w.e.f. 07 September 2014)
viii Mr. V. Lakshmi Narasimhan	Chief Financial Officer (up to 13 March 2015)
ix. Mr. Atul Bansal	Chief Financial Officer (w.e.f. 13 March 2015)
x. Mr. Harshvardhan Chamria	Relative of Key Managerial Personnel (w.e.f. 01 September 2014)

(₹ in Lacs)

Name of related party	Nature of transaction	**Transaction value for the year ended 31 March 2015**	**Outstanding amount as at 31 March 2015**	Transaction value for the year ended 31 March 2014	Outstanding amount as at 31 March 2014
A) Private company in which Director is Member or Director					
1. Celica Developers Private Limited	Long-term loans and advances given	8.06	139.10	20.16	161.28
	Refund of long-term loans and advances given	30.24	-	63.53	-
	Refund of short-term loans and advances given	-	-	210.00	-
	Purchase of equity shares	-	-	210.00	-
	Rent expense	330.44	-	365.07	-
	Equity dividend paid	235.48	-	235.48	-
	Support service income	-	-	-	-
	Preference shares holding (including securities premium received)	-	16,000.00	-	16,000.00
	Preference dividend paid	0.36	-	0.05	-
	Corporate policy issued	1.71	-	-	-
2. Tranzmute Capital & Management Private Limited *	Long-term loans and advances given	-	40.50	-	-
	Rent expense	51.56	-	-	-
	Electricity charges paid	2.70	-	-	-
	Telephone charges paid	1.14	-	-	-
3. Microfirm Capital Private Limited	Refund of short-term loans and advances given	-	-	1,041.98	-
	Equity dividend paid	272.13	-	272.13	-
	Purchase of equity shares	-	-	210.00	-
	Unsecured loan taken (including interest)	696.44	257.42	1,644.47	182.97
	Refund of unsecured loan taken (including interest)	622.00	-	1,947.55	-
	Interest expense	31.61	-	40.47	-
	Investment in redeemable cumulative preference shares	-	1,271.14	-	1,271.14
4. Pragati Sales Private Limited	Unsecured loan taken (including interest)	181.07	38.64	173.43	193.57
	Refund of unsecured loan taken (including interest)	336.00	-	0.34	-
	Interest expense	26.74	-	3.43	-
5. Magma Consumer Finance Private Limited *	Unsecured loan taken (including interest)	153.56	-	-	-
	Refund of unsecured loan taken (including interest)	153.56	-	-	-
	Interest expense	3.95	-	-	-
B) Directors *					
1. Mr. Neil Graeme Brown	Sitting fees	2.20	-	-	-
	Commission	30.00	30.00	-	-
2. Mr. Narayan K Seshadri	Sitting fees	3.00	-	-	-
	Commission	65.00	65.00	-	-
3. Mr. Nabankur Gupta	Sitting fees	1.60	-	-	-
	Commission	25.00	25.00	-	-
4. Mr. Kailash Nath Bhandari	Sitting fees	0.94	-	-	-
	Commission	15.00	15.00	-	-
5. Mr. Satya Brata Ganguly	Sitting fees	5.80	-	-	-
	Commission	15.00	15.00	-	-
6. Mr. Sanjay Nayar	Sitting fees	1.60	-	-	-
7. Mrs. Ritva Kaarina Laukkanen	Sitting fees	0.20	-	-	-

31 Related party disclosures (Contd.) (₹ in Lacs)

Name of related party	Nature of transaction	**Transaction value for the year ended 31 March 2015**	**Outstanding amount as at 31 March 2015**	Transaction value for the year ended 31 March 2014	Outstanding amount as at 31 March 2014
C) Key management personnel					
1. Mayank Poddar	Rent expense	1.77	-	1.77	-
	Directors' remuneration	150.00	-	150.00	-
2. Sanjay Chamria	Directors' remuneration	150.00	-	150.00	-
	Commission	150.00	150.00	-	-
3. Mr. Girish Bhatia *	Salary	27.06	-	-	-
4. Mr. Kailash Baheti *	Salary	95.20	-	-	-
	Equity shares allotted on exercise of ESOP	13.50	-	-	-
5. Mr. V. Lakshmi Narasimhan *	Salary	161.31	-	-	-
	Equity shares allotted on exercise of ESOP	24.48	-	-	-
	Equity dividend paid	0.82	-	-	-
6. Mr. Atul Bansal	Salary	7.73	-	-	-
D) Relatives of Directors					
1. Mr. Harshvardhan Chamria	Salary	15.60	-	-	-

* Related parties has been identified as per section 2(76) of the Companies Act, 2013 which is applicable from 1 April 2014. Accordingly previous year transactions/ balances have not been provided for additional related parties as they were not covered under the earlier disclosure requirements.

Transactions with related parties have been identified on the basis of related party transactions disclosed in financial statement of the respective subsidiary and joint venture entities.

32 Employee benefits

Annexure-IV

Gratuity benefit plan

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

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

Particulars	**Year ended 31 March 2018**	**Year ended 31 March 2017**	**Year ended 31 March 2016**	**Year ended 31 March 2015**
Opening defined benefit obligation	1,838.21	1,497.07	1,405.47	1,011.18
Obligation received from previous employer	-	-	-	20.66
Current service cost	274.63	272.54	234.83	210.34
Interest cost	118.95	108.27	100.96	84.19
Actuarial losses /(gains)	2.47	203.41	8.34	254.86
Benefits paid	(409.87)	(243.08)	(252.53)	(175.76)
Closing defined benefit obligation	**1,824.39**	**1,838.21**	**1,497.07**	**1,405.47**
Share of joint venture	**92.42**	**61.87**	**45.84**	**31.61**

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

Particulars	**Year ended 31 March 2018**	**Year ended 31 March 2017**	**Year ended 31 March 2016**	**Year ended 31 March 2015**
Opening fair value of the plan assets	1,970.95	1,667.07	1,590.33	1,346.06
Expected return on plan assets	141.14	137.74	123.64	128.02
Contributions by employer	333.01	382.42	189.84	294.46
Actuarial (losses) / gains	(64.80)	-	-	(5.26)
Benefits paid	(397.56)	(216.28)	(236.74)	(172.95)
Closing fair value of the plan assets	**1,982.74**	**1,970.95**	**1,667.07**	**1,590.33**
Share of joint venture	**111.33**	**56.95**	**58.80**	**33.78**

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

Particulars	**As at 31 March 2018**	**As at 31 March 2017**	**As at 31 March 2016**	**As at 31 March 2015**
Defined benefit obligation	(1,824.39)	(1,838.21)	(1,497.07)	(1,405.47)
Fair value of plan assets	1,982.74	1,970.95	1,667.07	1,590.33
Net asset	**158.35**	**132.74**	**170.00**	**184.86**
Share of joint venture	**18.91**	**(4.92)**	**12.96**	**2.17**

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

Particulars	**Year ended 31 March 2018**	**Year ended 31 March 2017**	**Year ended 31 March 2016**	**Year ended 31 March 2015**
Current service cost	274.63	272.54	234.83	210.34
Interest on defined benefit obligation	118.95	108.27	100.96	84.19
Net actuarial losses / (gains) recognised	67.27	203.41	8.34	260.39
Expected return on plan assets	(141.14)	(137.74)	(123.64)	(128.29)
Net expense included in "Employee benefits expenses"	**319.71**	**446.48**	**220.49**	**426.63**
Share of joint venture	**11.80**	**35.40**	**9.20**	**13.26**

32 Employee benefits (Contd.)

(e) Summary of actuarial assumptions*

Particulars	**Year ended 31 March 2018**	**Year ended 31 March 2017**	**Year ended 31 March 2016**	**Year ended 31 March 2015**
Discount rate	7.71%	7.28%	7.87%	7.89%
Salary increase	5.00%	5.00%	5.00%	5.00%
Withdrawal Rate	4.20%	4.20%	4.20%	4.20%

*includes assumptions for joint venture entity

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

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

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

(i) **Expected contribution for next year:** The expected contributions by employer for the next year is ₹ 333.01 lacs.

(j) **Mortality:** It is assumed that active members of the Scheme will experience in service mortality in accordance with the standard table Indian Assured Lives Mortality (2006-08) ultimate.

32 Employee benefits (Contd.)

For FY 2017-18

Annexure-IV

(j) **Experience adjustments**

(₹ in Lacs)

Particulars	**31 March 2018**	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**
Present value of defined benefit obligation	(1,824.39)	(1,838.21)	(1,497.07)	(1,405.47)	(1,011.18)
Fair value of plan assets	1,982.74	1,970.95	1,667.07	1,590.33	1,346.06
Funded status [surplus/(deficit)]	158.35	132.74	170.00	184.86	334.88
Experience (gain)/loss adjustment on plan liabilities	98.16	71.95	3.88	73.50	66.05
Experience gain/(loss) adjustment on plan assets	(64.80)	-	-	(5.53)	-
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	(95.69)	131.46	4.46	202.02	(93.20)

Share of joint venture

(₹ in Lacs)

Particulars	**31 March 2018**	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**
Present value of defined benefit obligation	(92.42)	(61.87)	(45.84)	(31.61)	(17.75)
Fair value of plan assets	111.33	56.95	58.80	33.78	26.37
Funded status [surplus/(deficit)]	18.91	(4.92)	12.96	2.17	8.63
Experience (gain)/loss adjustment on plan liabilities	7.86	(0.02)	(3.20)	2.36	(0.53)
Experience gain/(loss) adjustment on plan assets	14.75	(13.98)	-	-	-
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	(5.25)	4.61	0.17	3.95	(1.53)

For FY 2016-17

Experience adjustments*

(₹ in Lacs)

Particulars	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**	**31 March 2013**
Present value of defined benefit obligation	(1,838.21)	(1,497.07)	(1,405.47)	(1,011.18)	(862.62)
Fair value of plan assets	1,970.95	1,667.07	1,590.33	1,346.06	1,090.09
Funded status [surplus/(deficit)]	132.74	170.00	184.86	334.88	227.47
Experience (gain)/loss adjustment on plan liabilities	71.95	3.88	73.50	66.05	56.36
Experience gain/(loss) adjustment on plan assets	-	-	(5.53)	-	(6.57)
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	131.46	4.46	202.02	(93.20)	43.40

* Gratuity is applicable to the subsidiary companies from financial year ended 31 March 2014 and therefore disclosure has been made from the aforesaid year for the subsidiaries.

Share of joint venture**

(₹ in Lacs)

Particulars	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**	**31 March 2013**
Present value of defined benefit obligation	(61.87)	(45.84)	(31.61)	(17.75)	(15.80)
Fair value of plan assets	56.95	58.80	33.78	26.37	16.16
Funded status [surplus/(deficit)]	(4.92)	12.96	2.17	8.63	0.36
Experience (gain)/loss adjustment on plan liabilities	(0.02)	(3.20)	2.36	(0.53)	-
Experience gain/(loss) adjustment on plan assets	(13.98)	-	-	-	0.19
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	4.61	0.17	3.95	(1.53)	-

For FY 2015-16

(i) **Experience adjustments***

(₹ in Lacs)

Particulars	**31 March 2016**	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**
Present value of defined benefit obligation	(1,497.07)	(1,405.47)	(1,011.18)	(862.62)	(623.73)
Fair value of plan assets	1,667.07	1,590.33	1,346.06	1,090.09	864.39
Funded status [surplus/(deficit)]	170.00	184.86	334.88	227.47	240.66
Experience (gain)/loss adjustment on plan liabilities	3.88	73.50	66.05	56.36	40.78
Experience gain/(loss) adjustment on plan assets	-	(5.53)	-	(6.57)	(1.39)
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	4.46	202.02	(93.20)	43.40	(19.55)

* Gratuity is applicable to the subsidiary companies from financial year ended 31 March 2014 and therefore disclosure has been made from the aforesaid year for the subsidiaries.

32 Employee benefits (Contd.)

Share of joint venture**

(₹ in Lacs)

Particulars	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Present value of defined benefit obligation	(45.84)	(31.61)	(17.75)	(15.80)
Fair value of plan assets	58.80	33.78	26.37	16.16
Funded status [surplus/(deficit)]	12.96	2.17	8.63	0.36
Experience (gain)/loss adjustment on plan liabilities	(3.20)	2.36	(0.53)	-
Experience gain/(loss) adjustment on plan assets	-	-	-	0.19
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	0.17	3.95	(1.53)	-

** Gratuity is applicable to the joint venture company from financial year ended 31 March 2013 and therefore disclosure has been made from the aforesaid year.

Defined benefit plan

The contribution made to various statutory funds is recognized as expenses and included in Note 24 ‘Employee benefits expense’ under ‘Contribution to provident and other funds’ in Statement of Profit and Loss. The detail is as follows.

(₹ in Lacs)

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Provident and Pension Fund	1,214.44	1,126.03
Gratuity Fund	319.71	446.48
Other Funds	12.43	1.57
Contribution to provident and other funds	**1,546.58**	**1,574.08**

33 Cash flow statement **Annexure-IV**

Due to the different methods of computing cash flows adopted by one of the joint venture carrying on the business of insurance, which is mandated by the Insurance Regulatory and Development Authority, consolidated cash flows for the year could be better viewed when summarised as follows:

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
From operating activities	144,645.50	294,864.53	73,281.47	(30,475.17)	(50,228.32)
From investing activities	(11,128.91)	(18,565.15)	(25,412.58)	(3,604.06)	(17,962.38)
From financing activities	(136,441.42)	(284,431.82)	(49,826.59)	17,136.00	21,831.11
Net increase / (decrease) in cash and cash equivalents	(2,924.83)	(8,132.44)	(1,957.70)	(16,943.23)	(46,359.59)
Cash and cash equivalents as at the beginning of the year	14,169.63	22,302.07	24,259.77	41,203.00	87,562.59
Cash and cash equivalents as at the end of the year	11,244.80	14,169.63	22,302.07	24,259.77	41,203.00

34 Contingent liabilities and commitments (to the extent not provided for)

(a) Contingent liabilities (₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
1 **Claims against the Company not acknowledged as debt**					
(i) Income tax matters under dispute	265.52	295.12	319.86	16.74	4.48
(ii) VAT matters under dispute	321.46	240.49	242.33	191.16	248.79
(iii) Service tax matters under dispute	471.65	464.50	115.00	115.00	115.00
(iv) Legal cases against the company *	123.96	116.32	329.43	185.34	258.25
2 **Guarantees**					
(i) Recourse obligation in respect of securitised assets [net of cash collaterals of ₹ Nil (2014: ₹ 1,746.00 lacs)]	-	-	-	-	2,617.33
(ii) Unexpired bank guarantee	35,763.88	30,524.06	24,549.84	43,924.68	44,963.60

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

34 (b) Commitments (₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
1 Estimated amount of contracts remaining to be executed on capital account and not provided for [share of joint venture ₹ 89.53 lacs (2017: ₹ 202.10 lacs), (2016: ₹ Nil), (2015: ₹ 31.39 lacs) and (2014: ₹ 19.64 lacs)]	999.68	1,074.81	582.89	454.90	353.07
2 Redemption of preference shares (including premium)	-	-	1,300.20	9,950.40	11,672.44
3 Undisbursed housing / other loans	1,257.86	3,747.15	10,309.83	9,328.79	5,711.94

(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. At the year end, the Company has reviewed and ensured that adequate provision required under any Law / Accounting Standard / RBI Regulation for material foreseeable losses on such long term contracts has been made in the books of account.

35 Movement of provision for non-performing assets (₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Provision for non-performing assets					
Balance as per last financial statements	19,086.02	31,305.78	19,670.21	12,770.80	5,503.73
Add: Provision made during the year (net)	10,597.96	18,469.21	11,635.57	6,899.41	7,267.07
Less: Reversals of provision on sale of non-performing assets	-	30,688.97	-	-	-
	29,683.98	**19,086.02**	**31,305.78**	**19,670.21**	**12,770.80**

35 Movement of provision for non-performing assets (Contd.) **Annexure-IV**

For FY 2017-18

The Company classifies non-performing assets (NPAs) at 3 months overdue and is compliant with the requirement for the financial year ending 31 March 2018 as per the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary. For the financial year 2016-17, the Company classified non-performing assets (NPAs) at 4 months overdue. Therefore, the above figures are not comparable to that extent.

For FY 2016-17

The Company classifies non-performing assets (NPAs) at 4 months overdue and is compliant with the requirement for the financial year ending 31 March 2017 as per the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

During the financial year ended 31 March 2017, the Company has recorded an additional provision of ₹ 2,375.00 lacs towards NPAs which are more than 15 months overdue. This additional provision is in line with the RBI guidelines on NPA provisioning norms applicable for the year ending 31 March 2018. Accordingly, the profit before tax for the financial year ended 31 March 2017, is lower to the extent of ₹ 2,375.00 lacs.

For FY 2015-16

The Company classifies non-performing assets (NPAs) at 4 months overdue and is compliant with the requirement for the financial year ending 31 March 2017 as prescribed in the Framework. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

As a result of the above, the charge till date to the statement of profit & loss on account of asset classification norms adopted by the Company is higher by an amount of ₹ 4,662.49 lacs (2015: ₹ 9,982.38 lacs) as compared to the RBI requirement.

For FY 2014-15

The Company classifies non-performing assets (NPAs) at 4 months overdue and is compliant with the requirement for the financial year ending 31 March 2017 as prescribed in the Framework. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

As a result of the above, the charge till date to the statement of profit & loss on account of asset classification norms adopted by the Company is higher by an amount of ₹ 9,982.38 lacs (2014: ₹ 8,734.14 lacs) as compared to the RBI requirement.

For FY 2013-14

In view of the proposed regulatory changes in capital adequacy, income recognition, asset classification and provisioning norms recommended in the RBI draft guidelines released on 12 December 2012, the Company classifies non-performing assets (NPAs) at 4 months default as compared to present requirement of 6 months. The company also makes higher provision for NPAs as well as standard assets as given in the Table in Note 2 (vi)

As a result of the above, the cumulative charge to statement of profit & loss on account of additional provisioning including standard asset provisioning and interest reversal is higher by an amount of Rs.8,734.14 lacs (2013: Rs.4,686.93 lacs) as compared to the present RBI requirement.

36 Amalgamation of Magma ITL Finance Limited (FY 2017-18)

a) Pursuant to the Scheme of Amalgamation sanctioned by the Honourable 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. Accordingly, the said assets, liabilities, and transactions have been incorporated in these financial statements.

b) The appointed date of the amalgamation is 1 October, 2017.

c) The Amalgamation has been accounted for under "Pooling of Interest" method as prescribed by the Accounting Standard 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India, in accordance with which:

(i) The assets and liabilities as at 1 October, 2017 have been incorporated in the financial statements of the Company at their carrying amounts in the books of erstwhile MITL subject to necessary adjustments made to ensure uniformity in the accounting policies between the two companies in accordance with Para 11 of Accounting Standard-14 "Accounting for Amalgamations".

(ii) In terms of the Scheme of Amalgamation

Consequent upon and simultaneously with the transfer and recording of assets and liabilities of the MITL in the books of the Company, entire shareholding that the Company held in MITL has been cancelled and MITL stands dissolved without winding-up on the effective date and therefore ceases to be wholly owned subsidiary of the Company. The difference in the value of Net Assets transferred and the carrying amount of Investments has been adjusted in the reserves.

To the extent that there are intercompany loans, deposits, balances as between the MITL and the Company or vice versa, the obligation in respect thereof has come to an end and there is no liability in that behalf and corresponding effect has been given in the books of account and records of the Company for the reduction of any assets and liabilities as the case may be.

(iii) The impact on revenue and profit before tax is ₹ 5,138.71 lacs and ₹ 1,732.53 lacs, respectively for the year ended 31 March 2018.

(iv) 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.

37 Amalgamation of Magma Advisory Services Limited (FY 2017-18)

a) Pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble 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 & consultancy services, has with effect from 1 April, 2017, been to transferred and vested in the Company. Accordingly, the said assets, liabilities, and transactions have been incorporated in these financial statements.

b) The appointed date of the amalgamation is 1 April, 2017.

c) The Amalgamation has been accounted for under "Pooling of Interest" method as prescribed by the Accounting Standard 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India, in accordance with which:

(i) The assets and liabilities as at 1 April, 2017 have been incorporated in the financial statements of the Company at their carrying amounts in the books of erstwhile MASL subject to necessary adjustments made to ensure uniformity in the accounting policies between the two companies in accordance with in Para 11 of Accounting Standard-14 "Accounting for Amalgamations".

(ii) In terms of the Scheme of Amalgamation

Consequent upon and simultaneously with the transfer and recording of assets and liabilities of the MASL in the books of the Company, entire shareholding that the Company held in MASL has been cancelled and MASL stands dissolved without winding-up on the effective date and therefore ceases to be wholly owned subsidiary of the Company. The difference in the value of Net Assets transferred and the carrying amount of Investments has been adjusted in the reserves.

To the extent that there are intercompany loans, deposits, balances between MASL and the Company or vice versa, the obligation in respect thereof has come to an end and there is no liability in that behalf and corresponding effect has been given in the books of account and records of the Company for the reduction of any assets and liabilities as the case may be.

(iii) Magma Housing Finance Limited, previously a step-down subsidiary of the Company, has become direct subsidiary of the Company.

(iv) The impact on revenue and profit before tax is ₹ 0.91 lacs and ₹ (1.72) lacs, respectively for the year ended 31 March 2018.

(v) 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 adjusted with retained earnings.

38 **Statement containing salient features of the financial statement of subsidiaries, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 is given below:**

(a) Financial information of subsidiaries for the year ended 31 March 2018:

(₹ in Lacs)

	Magma Housing Finance Limited	Magma ITL Finance Limited*
Share capital	14,810.25	-
Reserves and surplus	15,011.56	-
Total assets	149,889.83	-
Total liabilities	226,794.51	-
Investments	1,047.02	-
Turnover / total income	22,165.24	4,723.81
Profit before taxation	3,560.02	1,021.24
Provision for taxation	1,240.03	750.00
Profit after taxation	2,319.99	271.24
Dividend (including tax thereon)	-	-
% of shareholding	100%	100%

* Above figures reflects transactions upto 30 September 2017 post which the said Company got amalgamated. Refer note 36.

(a) Financial information of subsidiaries (including step-down subsidiary) for the year ended 31 March 2017:

(₹ in Lacs)

	Magma Advisory Services Limited	Magma Housing Finance Limited	Magma ITL Finance Limited
Share capital	5,666.67	14,810.25	4,500.00
Reserves and surplus	16,342.17	12,691.57	8,651.52
Total assets	22,011.64	160,463.79	63,507.95
Total liabilities	22,011.64	160,463.79	63,507.95
Investments	21,981.73	1,225.46	727.88
Turnover / total income	96.04	25,097.88	13,782.62
Profit before taxation	(0.56)	5,197.88	(1,884.71)
Provision for taxation	0.37	1,823.94	1,084.52
Profit after taxation	(0.93)	3,373.94	(2,969.23)
Proposed dividend (including tax thereon)	-	-	-
% of shareholding (including investment through subsidiaries)	100%	100%	74%

(a) Financial information of subsidiaries (including step-down subsidiary) for the year ended 31 March 2016:

(₹ in Lacs)

	Magma Advisory Services Limited	Magma Housing Finance Limited	Magma ITL Finance Limited
Share capital	5,666.67	14,810.25	4,500.00
Reserves and surplus	16,343.10	9,317.63	11,620.75
Total assets	22,020.97	187,588.89	72,342.90
Total liabilities	22,020.97	187,588.89	72,342.90
Investments	21,973.03	-	1,276.88
Turnover / total income	258.14	24,242.48	12,547.11
Profit before taxation	3.58	3,533.46	684.36
Provision for taxation	0.87	1,252.91	(123.90)
Profit after taxation	2.71	2,280.55	808.26
Proposed dividend (including tax thereon)	0.43	-	-
% of shareholding (including investment through subsidiaries)	100%	100%	74%

(a) Financial information of subsidiaries (including step-down subsidiary) for the year ended 31 March 2015:

(₹ in Lacs)

	Magma Advisory Services Limited	Magma Housing Finance Limited	Magma ITL Finance Limited
Share capital	5,666.67	14,810.25	4,500.00
Reserves and surplus	16,340.82	7,037.08	10,812.49
Total assets	22,010.10	168,470.93	67,528.59
Total liabilities	22,010.10	168,470.93	67,528.59
Investments	21,973.83	-	2,049.20
Turnover / total income	290.70	19,206.43	14,640.32
Profit before taxation	8.02	1,643.94	2,865.59
Provision for taxation	2.67	583.64	327.82
Profit after taxation	5.35	1,060.30	2,537.77
Proposed dividend (including tax thereon)	0.43	-	-
% of shareholding (including investment through subsidiaries)	100%	100%	74%

Note : 38 (Contd.) **Annexure-IV**

(a) Financial information of subsidiaries for the year ended 31 March 2014:

(₹ in Lacs)

	Magma Advisory Services Limited	Magma Housing Finance Limited	Magma ITL Finance Limited
Issued and subscribed share capital			
- Equity shares	2,111.11	14,810.25	4,500.00
- Preference shares	3,555.56	-	-
Reserves	16,335.90	5,976.78	8,274.72
Long-term borrowings	-	29,718.74	19,218.73
Short-term borrowings	-	40,144.98	19,574.09
Total assets	22,004.47	116,304.12	63,726.21
Total liabilities	22,004.47	116,304.12	63,726.21
Revenue	229.19	12,163.10	14,554.19
Profit/ (loss) before taxation	3.49	445.89	2,708.03
Provision for taxation	1.40	182.36	(292.99)
Profit/ (loss) after taxation	2.09	263.53	3,001.02
Proposed dividend (including tax thereon)	0.42	-	-

(b) Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to joint ventures as at 31 March 2018:

Name of joint ventures	Units	Magma HDI General Insurance Company Limited*	Jaguar Advisory Services Private Limited
1 Shares of joint ventures held by the Company on the year end			
No. of shares	Nos.	46,250,000	11,000
Amount of investment in joint ventures	₹ in lacs	7,400.00	2.20
Extend of holding	%	41.11%	48.89%
2 Description of how there is significant influence		Holding more than 20% of the paid up capital	Holding more than 20% of the paid up capital
3 Net worth attributable to shareholding as per latest audited balance sheet	₹ in lacs	9,481.37	2,379.48
4 Profit for the year			
i. Considered in consolidation	₹ in lacs	201.74	0.50
ii. Not considered in consolidation	₹ in lacs	288.94	0.53

The Company did not have any associate companies in the current year.

* Extent of holding includes investment held through Jaguar Advisory Services Private Limited.

(b) Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to joint ventures as at 31 March 2017:

Name of joint ventures	Units	Magma HDI General Insurance Company Limited*	Jaguar Advisory Services Private Limited
1 Shares of joint ventures held by the Company on the year end			
No. of shares	Nos.	46,250,000	11,000
Amount of investment in joint ventures	₹ in lacs	7,400.00	2.20
Extend of holding	%	41.11%	48.89%
2 Description of how there is significant influence		Holding more than 20% of the paid up capital	Holding more than 20% of the paid up capital
3 Networth attributable to shareholding as per latest audited balance sheet	₹ in lacs	9,274.40	2,378.98
4 Profit for the year			
i. Considered in consolidation	₹ in lacs	259.12	0.65
ii. Not considered in consolidation	₹ in lacs	371.15	0.68

The Company did not have any associate companies in the current year.

* Extent of holding includes investment held through Jaguar Advisory Services Private Limited.

(b) Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to joint ventures as at 31 March 2016:

Name of joint ventures	Units	Magma HDI General Insurance Company Limited*	Jaguar Advisory Services Private Limited
1 Shares of joint ventures held by the Company on the year end			
No. of shares	Nos.	46,250,000	11,000
Amount of investment in joint ventures	₹ in lacs	7,400.00	2.20
Extend of holding	%	41.11%	48.89%
2 Description of how there is significant influence		Holding more than 20% of the paid up capital	Holding more than 20% of the paid up capital
3 Networth attributable to shareholding as per latest audited balance sheet	₹ in lacs	9,015.48	2,378.33
4 Profit for the year			
i. Considered in consolidation	₹ in lacs	(460.09)	1.47
ii. Not considered in consolidation	₹ in lacs	(725.11)	1.55

Note : 38 (Contd.)

The Company did not have any associate companies in the current year.

* Extent of holding includes investment held through Jaguar Advisory Services Private Limited.

(b) Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to joint ventures as at 31 March 2015:

Name of joint ventures	Units	Magma HDI General Insurance Company Limited*	Jaguar Advisory Services Private Limited
1 Shares of joint ventures held by the Company on the year end			
No. of shares	Nos.	37,000,000	11,000
Amount of investment in joint ventures	₹ in lacs	3,700.00	2.20
Extend of holding	%	37.00%	48.89%
2 Description of how there is significant influence		Holding more than 20% of the paid up capital	Holding more than 20% of the paid up capital
3 Networth attributable to shareholding as per latest audited balance sheet	₹ in lacs	6,702.21	2,376.86
4 Profit for the year			
i. Considered in consolidation	₹ in lacs	214.87	1.55
ii. Not considered in consolidation	₹ in lacs	365.88	1.62

The Company did not have any associate companies in the current year.

* Extent of holding includes investment held through Jaguar Advisory Services Private Limited.

39 The Company's share of each of the assets, liabilities, income, expenses, etc. (each without elimination of the effect of transactions between the Company and the Joint Ventures) related to its interest in these joint ventures, based on the audited financial statements are as follows:

(₹ in Lacs)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	4,626.12	4,626.12	4,626.12	3,701.13	3,701.13
Reserves and surplus	7,227.91	7,025.68	6,765.91	5,376.60	5,160.19
Fair value change account	6.82	1.58	1.78	1.34	0.49
Non-current liabilities					
Long-term borrowings	9.53	12.31	3.90	-	-
Current liabilities					
Trade payables	539.80	1.91	14.10	599.87	388.05
Other current liabilities	33,275.06	26,598.74	23,093.27	15,780.16	7,763.83
Short-term provisions	8,977.47	7,268.73	7,254.54	7,999.31	7,814.29
ASSETS					
Non-current assets					
Fixed assets	700.37	615.45	255.09	177.51	137.65
Non-current investment	39,878.65	34,087.53	30,211.15	25,748.59	18,613.44
Deferred tax assets (net)	408.98	408.98	408.98	563.10	661.46
Long-term loans and advances	115.77	96.76	102.58	48.94	24.00
Other non-current assets	841.14	822.23	2,960.01	2,111.19	2,302.64
Current assets					
Current investment	6,069.19	2,196.65	4,283.93	2,467.01	679.28
Cash and bank balances	3,434.30	2,982.32	1,016.98	803.95	1,234.27
Short-term loans and advances	1,360.07	1,966.70	567.83	335.19	73.04
Other current assets	1,854.24	2,358.45	1,953.07	1,202.93	1,102.20

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014
REVENUE					
Revenue from operations	743.87	748.32	719.53	658.65	640.38
Operating result from general insurance business	(465.22)	(445.69)	(963.94)	(511.87)	(1,848.89)
Other income	55.52	83.22	60.94	229.17	23.10
EXPENSE					
Employee benefits expense	60.69	60.68	-	-	-
Other expenses	23.48	29.47	52.80	55.24	43.45

40 Disclosure required under Schedule III of Companies Act, 2013

Annexure-IV

For FY 2017-18

(₹ in Lacs)

Name of the entity in the Group	Net Asset: As % of consolidated net assets	Net Asset: Amount	Shares in profit or loss: As % of consolidated profit or loss	Shares in profit or loss: Amount
A) Parent				
1 Magma Fincorp Limited	94.69 %	219,640.36	87.88 %	20,248.94
B) Subsidiaries				
Indian				
1 Magma Housing Finance Limited (MHFL)	3.38 %	7,850.87	10.07 %	2,319.99
2 Magma ITL Finance Limited (MITL)	-	-	1.18 %	271.24
Foreign		Not Applicable		Not Applicable
Minority interests in all subsidiaries	-	-	-	-
C) Associates (Investment as per the equity method)				
Indian		Not Applicable		Not Applicable
Foreign		Not Applicable		Not Applicable
D) Joint Venture				
(as per proportionate consolidation / investment as per the equity method)				
Indian				
1 Jaguar Advisory Services Private Limited (JASPL)	1.03 %	2,377.28	0.00 %	0.50
2 Magma HDI General Insurance Company Limited (MHDI)	0.90 %	2,081.34	0.87 %	201.74
Foreign		Not Applicable		Not Applicable
Total	**100.00 %**	**231,949.85**	**100.00 %**	**23,042.41**

For FY 2016-17

(₹ in Lacs)

Name of the entity in the Group	Net Asset: As % of consolidated net assets	Net Asset: Amount	Shares in profit or loss: As % of consolidated profit or loss	Shares in profit or loss: Amount
A) Parent				
1 Magma Fincorp Limited	92.37 %	203,789.38	47.88 %	609.68
B) Subsidiaries				
Indian				
1 Magma Advisory Services Limited (MASL)	1.26 %	2,770.85	264.92 %	3,373.01
2 Magma ITL Finance Limited (MITL)	2.90 %	6,401.99	(172.6)%	(2,197.19)
Foreign		Not Applicable		Not Applicable
Minority interests in all subsidiaries	1.55 %	3,419.59	(60.6)%	(772.04)
C) Associates (Investment as per the equity method)				
Indian		Not Applicable		Not Applicable
Foreign		Not Applicable		Not Applicable
D) Joint Venture				
(as per proportionate consolidation / investment as per the equity method)				
Indian				
1 Jaguar Advisory Services Private Limited (JASPL)	1.08 %	2,376.78	0.05 %	0.65
2 Magma HDI General Insurance Company Limited (MHDI)	0.85 %	1,874.37	20.35 %	259.12
Foreign		Not Applicable		Not Applicable
Total	**100.00 %**	**220,632.96**	**100.00 %**	**1,273.23**

For FY 2015-16

(₹ in Lacs)

Name of the entity in the Group	Net Asset: As % of consolidated net assets	Net Asset: Amount	Shares in profit or loss: As % of Consolidated profit or loss	Shares in profit or loss: Amount
A) Parent				
1 Magma Fincorp Limited	92.67 %	204,441.41	87.67 %	18,714.97
B) Subsidiaries				
Indian				
1 Magma Advisory Services Limited (MASL)	(0.27)%	(602.16)	10.70 %	2,283.26
2 Magma ITL Finance Limited (MITL)	3.90 %	8,599.18	2.80 %	598.10
Foreign		Not Applicable		Not Applicable
Minority interests in all subsidiaries	1.90 %	4,191.63	0.98 %	210.16
C) Associates (Investment as per the equity method)				
Indian		Not Applicable		Not Applicable
Foreign		Not Applicable		Not Applicable

Note : 40 (Contd.)

(₹ in Lacs)

Name of the entity in the Group	Net Asset		Shares in profit or loss	
	As % of consolidated net assets	Amount	As % of Consolidated profit or loss	Amount
D) Joint Venture				
(as per proportionate consolidation / investment as per the equity method)				
Indian				
1 Jaguar Advisory Services Private Limited (JASPL)	1.08 %	2,376.13	0.01 %	1.47
2 Magma HDI General Insurance Company Limited (MHDI)	0.73 %	1,615.45	(2.16)%	(460.09)
Foreign		Not Applicable		Not Applicable
Total	**100.00 %**	**220,621.64**	**100.00 %**	**21,347.87**

41 Corporate Social Responsibility (CSR)

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.

For FY 2017-18

a) Gross amount required to be spent by the Company during the year is ₹ 381.77 lacs.

b) Amount spent during the year on CSR activities (₹ in Lacs)

Particulars	In cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	384.68	-	384.68

For FY 2016-17

a) Gross amount required to be spent by the Company during the year is ₹ 493.25 lacs.

b) Amount spent during the year on CSR activities (₹ in Lacs)

Particulars	In cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	353.64	31.00	384.64

During earlier year while calculating the eligibility amount in CSR, balance of provision for non-performing assets and provision for standard assets were added back to derive at the book profit. Going by the provisions of Section 198 of the Companies Act, 2013, the Company is not required to add back the balance of provision for non-performing assets and provision for standard assets, hence the same has not been considered while calculating the revised eligibility criteria for CSR.

For FY 2015-16

a) Gross amount required to be spent by the Company during the year is ₹ 578.06 lacs.

b) Amount spent during the year on CSR activities (₹ in Lacs)

Particulars	In cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	335.07	20.64	355.71

42 Additional disclosure on subsidiary

The subsidiary of the Company i.e. Magma Housing Finance (A Public Company with Unlimited Liability) has been converted from an Unlimited Liability Company into a Company limited by shares vide Certificate of Incorporation dated 19 December, 2016 issued by Registrar of Companies, Delhi (RoC). Subsequent to the conversion, the name of the subsidiary has been changed to Magma Housing Finance Limited vide Certificate of Incorporation dated 07 April 2017 issued by Registrar of Companies, Delhi (RoC).

43 Insurance disclosure

For FY 2015-16

The actuarial valuation of liabilities for claims Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) is the responsibility of the Company's Appointed Actuary and the assumptions for such valuation are to be in accordance with the guidelines and norms, issued by the Insurance Regulatory and Development Authority of India (IRDAI), and/or the Actuarial Society of India in concurrence with IRDAI.

As the position of Company's Appointed Actuary is vacant, IRDAI vide its letter bearing Ref No. 06/IRDA/ACTL/AA -NL/2016-17 dated 28 April 2016 has allowed the Company to use the services of E&Y for the purpose of actuarial reporting for completion of financials as on 31 March 2016. IRDAI has further advised that services rendered by E&Y in this regard shall be reviewed by an Independent Actuary, who will be nominated by IRDAI in due course.

Accordingly, the actuarial valuation of these liabilities as at 31 March 2016 has been certified by the Actuary from Ernst & Young LLP, who is not an Appointed Actuary.

Note : 43 (Contd.)

For FY 2014-15 **Annexure-IV**

(a) The liability for IBNR claims including IBNER (excluding Declined Risk Pool) for the year ending 31st March 2015 has been estimated by the appointed actuary in compliance with guidelines issued by IRDA vide Circular No. 11/IRDA/ACTL/IBNR/2005-06. The appointed actuary has adopted the Ultimate Claim Ratio Method.

(b) Magma HDI General Insurance Company Limited ('MHDI'), a jointly controlled entity, has a solvency margin as at 31 March 2015 at 1.24 times, which is below 1.50 times as stipulated by Insurance Regulatory and Development Authority (Assets, Liabilities and Solvency Margin of Insurers) Regulation, 2000 and subsequent circulars and orders. MHDI is taking necessary steps to increase the solvency margin to the required 1.50 times as per the regulatory requirement.

(c) The Appointed Actuary has certified the motor third party ultimate loss ratio of 133% as at 31 March 2015 which has been fully provided for in the books of accounts. MHDI has a motor third party (Stop Loss) XL reinsurance cover with HDI Gerling Welt Service AG ('HDI') for the motor portfolio for all policies issued upto 31 March 2015. As per the terms of reinsurance cover, HDI has agreed to indemnify the MHDI for losses incurred in aggregate which exceed an ultimate loss ratio of 119%, and upto 135%. Accordingly, ₹ 4,084.40 lacs, being the excess of third party ultimate loss liability on motor third party portfolio provided for in books of accounts over and above 119% as on 31 March 2015, against which reinsurance cover is available to MHDI, has been appropriately adjusted in claims liability.

For FY 2013-14

The liability for IBNR claims including IBNER (excluding Declined Risk Pool) for the year ending 31st March 2014 has been estimated by the appointed actuary in compliance with guidelines issued by IRDA vide Circular No. 11/IRDA/ACTL/IBNR/2005-06. The appointed actuary has adopted the Ultimate Claim Ratio Method.

For FY 2014-15

44 Disclosure required under Accounting Standard - 5 (Net profit or loss for the period, prior period items and changes in accounting policies)

Change in accounting estimate

Reserve Bank of India (RBI) has issued the Revised Regulatory Framework for Non-Banking Finance Companies (NBFCs) on 10 November 2014 and the related notification dated 27 March 2015 (collectively referred to as 'the Framework') to address various matters including harmonization of asset classification and provisioning norms wherein the asset classification norms for NBFCs are being brought in line with that of banks in a phased manner over a period of 3 years as per which an asset shall become a non-performing asset (NPA):

(i) if they become overdue for 5 months for the financial year ending 31 March 2016;
(ii) if they become overdue for 4 months for the financial year ending 31 March 2017; and
(iii) if they become overdue for 3 months for the financial year ending 31 March 2018 and thereafter.

Currently, the Company classifies non-performing assets at 4 months default and is compliant with the requirement for the financial year ending 31 March 2017 as prescribed in the Framework.

Further, the Company has opted to align itself to the provisioning rates prescribed in the Framework effective from quarter ended 31 March 2015, on incremental NPAs as against the higher rates being followed by the company till 31 December 2014. These provisioning norms are considered the minimum and additional provision is made based on perceived credit risk where necessary.

The aforesaid alignment of the provisioning rates, has resulted in a net lower provision of ₹ 1,153.38 lacs for the year ended 31 March 2015.

45 Derivative transaction

The Company does not have any gain/loss (2017: ₹ gain 23.10 lacs), (2016: ₹ loss 23.10 lacs), (2015: ₹ gain 42.32 lacs) , (2014: gain ₹ 197.06 lacs) relating to derivative financial instrument. The Company does not have any unhedged foreign currency exposure.

46 Previous year's figure

Previous year's figure including those in brackets have been regrouped and / or rearranged wherever necessary.

47 Disclosures relating to Specified Bank Notes (SBN) in terms of the notification issued by MCA

Details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016

(₹ in Lacs)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08 November 2016 #	857.20	57.45	914.65
Add: Permitted receipts **	-	29,215.81	29,215.81
Less: Permitted payments	-	35.50	35.50
Less: Amount deposited in Banks ***	857.20	28,332.84	29,190.04
Closing cash in hand as on 30 December 2016 #	-	904.92	904.92

Based on the daily cash register and petty cash summary statement maintained across the branches.

* Includes balance in State Bank of India eZ Card and replenishment in transit.

** Includes direct cash deposits made by the customers in Company's bank accounts vide RBI Circular No. DCM (Plg) No. 1226/10.27.00/2016-17 dated 08 November 2016 under Section

*** Includes SBN of ₹ 5.29 lacs as part of petty cash at 127 branches which was exchanged across the counter at banks.

The above note is not applicable for the current financial year.

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Narayan K Seshadri
Chairman
[DIN: 00053563]

Sanjay Chamria
Vice Chairman &Managing Director
[DIN: 00009894]

Manoj Kumar Vijai
Partner
Membership No. 046882
Mumbai, 15 January 2019

Shabnum Zaman
Company Secretary
Kolkata, 15 January 2019

Kailash Baheti
Chief Financial Officer
Mumbai, 15 January 2019

<u>Statement of Equity Dividend</u>

Annexure-V

The Company has paid the following dividends on the Equity Shares for the Fiscals 2018, 2017, 2016, 2015 and 2014.

Particulars	For the year ended				
	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
Equity Dividend (including Tax) (₹ in Lacs)	2,597.11	2,281.59	2,280.48	2,279.60	1,777.93
Equity Dividend Tax (₹ in Lacs)	442.82	385.92	385.73	385.58	258.27
Equity Dividend Per Equity Share (₹)	0.80	0.80	0.80	0.80	0.80

The subsidiaries and joint ventures have not declared any dividend. Therefore, the above statement is also applicable for Magma Fincorp Limited on standalone basis.

For and on behalf of
Magma Fincorp Limited

Authorised Signatory

Statement of Accounting Ratios | **Annexure-VI**

(₹ in Lacs, unless stated otherwise)

Particulars	For the year ended 31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
Return on Net Worth					
Profit after tax and minority interest*	23,042.41	2,045.27	21,137.71	18,066.74	15,182.87
Less:- Preference Dividend including tax thereon	0.90	2.50	515.40	1,171.60	1,268.46
Net Profit for Equity Shareholders (A)	23,041.51	2,042.77	20,622.31	16,895.14	13,914.41
Average Net Worth# (B)	221,521.60	210,051.57	186,535.59	156,504.47	143,608.74
Return on Net Worth(%) (A/B)	**10.40%**	**0.97%**	**11.06%**	**10.80%**	**9.69%**

Average Net Worth represents the average of our Company's net worth on a consolidated basis as of the last day of the relevant year/ period and our Company's net worth on a consolidated basis as of the last day of the immediately preceding year. Net Worth, as restated, represents the sum of the paid-up equity share capital, reserves and surplus, as restated (including securities premium account and statutory reserve and surplus in statement of profit and loss) , fair value change account and net of goodwill.

* Profit after tax and minority interest for FY17 is significantly low compared to other years due to loss on account of sale of non-performing assets.

Particulars	As at 31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
Net Asset Value Per Equity Share					
Total Shareholders fund	231,949.85	217,213.37	216,430.01	178,747.68	165,355.89
Less: Preference Share Capital	-	-	1,300.20	13,255.96	14,978.00
Less: Goodwill on consolidation	-	6,120.02	6,120.02	1,430.34	1,430.34
Total (A)	231,949.85	211,093.35	209,009.79	164,061.38	148,947.55
Number of Equity Share (in lacs) (B)	2,370.29	2,369.60	2,368.29	1,904.26	1,901.20
Net Asset Value Per Equity Share (₹) (A/B)	**97.9**	**89.1**	**88.3**	**86.2**	**78.3**

Particulars	As at 31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
Debt-Equity Ratio					
Debt					
Long Term Borrowings	256,339.12	310,929.43	331,316.17	356,862.11	321,893.27
Short Term Borrowings	613,505.94	548,022.99	700,455.58	632,954.69	523,276.53
Current maturities of long-term borrowings	107,128.47	148,579.29	152,781.13	172,519.64	167,759.04
Total (A)	**976,973.53**	**1,007,531.71**	**1,184,552.88**	**1,162,336.44**	**1,012,928.84**
Equity					
Equity Share Capital	4,740.57	4,739.19	4,736.57	3,808.52	3,802.40
Reserves & Surplus	227,202.46	212,472.60	210,391.46	161,681.86	146,575.00
Fair value change account	6.82	1.58	1.78	1.34	0.49
Total (B)	**231,949.85**	**217,213.37**	**215,129.81**	**165,491.72**	**150,377.89**
Debt-Equity Ratio (A/B)	**4.21**	**4.64**	**5.51**	**7.02**	**6.74**

For and on behalf of
Magma Fincorp Limited

Authorised Signatory

Capitalisation Statement Showing details of Shareholder's fund and Borrowings

Annexure-VII

(₹ in Lacs)

Particulars	**As at 31 March 2018**
Share Capital	4,740.57
Reserves and Surplus	227,202.46
Fair value change account	6.82
Total Shareholder's Fund (A)	**231,949.85**
Long term borrowings	256,339.12
Short term borrowings	613,505.94
Current maturities for long term borrowings	107,128.47
Total Debt Funds (B)	**976,973.53**
Total Capitalisation (A+B)	**1,208,923.38**

For and on behalf of
Magma Fincorp Limited

Authorised Signatory

B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

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To the Board of Directors of
Magma Fincorp Limited

We have reviewed the accompanying statement of unaudited standalone financial results ('the Statement') of Magma Fincorp Limited ('the Company') for the quarter ended 30 September 2018 and the year-to-date results for the period from 1 April 2018 to 30 September 2018 attached herewith, being submitted by the company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Attention is drawn to the fact that the figures for the corresponding quarter ended 30 September 2017, the year-to-date results for the period from 1 April 2017 to 30 September 2017 and the corresponding year ended 31 March 2018, including reconciliation of equity as at 31 March 2018 and reconciliation of profit under Indian Accounting Standards (Ind AS) of the corresponding quarter, corresponding year-to-date and corresponding year with the profit reported under previous Generally Accepted Accounting Principles (GAAP), as reported in this Statement have been approved by Company's Board of Directors but have not been subjected to review or audit.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity specified under Section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an auditopinion.

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 read with Regulation 63(2) of Listing Regulations, SEBI Circulars dated 5 July 2016 and 10 August 2016 respectively in this regard, including the manner in which it is to be disclosed, or that it contains any material misstatement.

B S R & Co (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
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Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011, India

We draw attention to Note 11 of the Statement 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'. The accounting treatment 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 ₹ 2,482.94 Lakhs and the total comprehensive income (net of tax) for quarter ended 30 September 2017 and year-to-date period from 1 April 2017 to 30 September 2017 would have been lower by ₹ 2,233.78 Lakhs and ₹ 5,096.45 Lakhs respectively. Our conclusion is not modified in respect of this matter.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W / W-100022

Manoj Kumar Vijai
Partner
Membership Number: 046882

Place: Mumbai
Date: 2 November 2018

MAGMA
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MAGMA FINCORP LIMITED

Statement of Standalone Unaudited Financial Results for the Quarter and Six Month Period Ended 30 September 2018

(₹ in lacs)

Particulars	Quarter ended			Year to Date		Year ended
	30 September 2018	30 June 2018	30 September 2017	30 September 2018	30 September 2017	31 March 2018
	(Unaudited)#	(Unaudited)	(Unaudited)#	(Unaudited)	(Unaudited)	(Unaudited)
1. **Revenue**						
(a) Revenue from operations	56,598.63	53,345.99	53,370.99	109,944.62	106,321.36	211,459.46
(b) Other income	1,430.31	1,890.42	1,412.23	3,320.73	2,580.38	3,530.20
Total revenue	**58,028.94**	**55,236.41**	**54,783.22**	**113,265.35**	**108,901.74**	**214,989.66**
2. **Expenses**						
(a) Employee benefits expenses	9,346.17	9,776.93	8,034.00	19,123.10	15,873.86	33,059.77
(b) Finance costs	24,898.10	24,078.82	25,689.03	48,976.92	52,066.74	101,314.83
(c) Depreciation and amortisation expense	1,237.26	1,208.15	1,163.69	2,445.41	2,443.04	4,898.60
(d) Impairment on financial instruments	8,503.76	8,379.42	8,403.29	16,883.18	23,180.67	34,741.91
(e) Other expenses	4,611.20	4,012.76	3,902.98	8,623.96	7,980.32	17,265.85
Total expenses	**48,596.49**	**47,456.08**	**47,192.99**	**96,052.57**	**101,544.63**	**191,280.96**
3. **Profit before tax (1-2)**	**9,432.45**	**7,780.33**	**7,590.23**	**17,212.78**	**7,357.11**	**23,708.70**
4. **Tax expense**						
(a) Current tax	(197.87)	3,556.84	2,460.00	3,358.97	4,507.96	8,758.39
(b) Deferred tax	2,572.06	(922.13)	(955.21)	1,649.93	(6,164.45)	(5,172.23)
Total tax expense	**2,374.19**	**2,634.71**	**1,504.79**	**5,008.90**	**(1,656.49)**	**3,586.16**
5. **Profit for the period (3-4)**	**7,058.26**	**5,145.62**	**6,085.44**	**12,203.88**	**9,013.60**	**20,122.54**
6. **Other comprehensive income**						
(a) (i) Items that will not be reclassified to profit and loss	5.15	(75.39)	(55.53)	(70.24)	(111.06)	(73.10)
(ii) Income tax relating to items that will not be reclassified to profit and loss	(1.80)	26.34	19.21	24.54	24.84	12.70
(b) (i) Items that will be reclassified to profit and loss	(366.46)	482.94	368.89	116.48	509.68	100.69
(ii) Income tax relating to items that will be reclassified to profit and loss	128.06	(168.76)	(127.67)	(40.70)	(176.39)	(35.50)
Total other comprehensive income	**(235.05)**	**265.13**	**204.90**	**30.08**	**247.07**	**4.79**
7. **Total comprehensive income for the period (5+6)**	**6,823.21**	**5,410.75**	**6,290.34**	**12,233.96**	**9,260.67**	**20,127.33**
8. **Paid-up equity share capital (Face value of ₹ 2/- each)**	5,385.73	5,385.73	4,739.47	5,385.73	4,739.47	4,740.57
9. **Earnings per share (not annualised)**						
(a) Basic (in ₹)	2.62	1.94	2.57	4.53	3.80	8.49
(b) Diluted (in ₹)	2.61	1.93	2.56	4.51	3.79	8.47

See accompanying notes to the financial results

Balancing figures (Note 6)

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Notes :

1] Disclosure of standalone assets and liabilities as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as at 30 September 2018.

(₹ in lacs)

	Particulars	As at 30 September 2018 (Unaudited)	As at 31 March 2018 (Unaudited)
A.	**ASSETS**		
1.	**Financial Assets**		
	(a) Cash and cash equivalents	8,539.95	9,270.23
	(b) Bank balances other than (a) above	43,623.99	30,509.64
	(c) Trade receivables	1,079.65	371.89
	(d) Loans	1,249,878.56	1,218,452.33
	(e) Investments	33,804.15	37,200.66
	(f) Other financial assets	6,908.51	4,465.81
	Total Financial Assets	1,343,834.81	1,300,270.56
2.	**Non-Financial Assets**		
	(a) Current tax assets (Net)	7,563.00	9,594.41
	(b) Deferred tax Assets (Net)	22,870.10	24,536.19
	(c) Investment property	8.33	8.42
	(d) Property, plant and equipment	15,599.99	16,334.89
	(e) Intangible assets under development	178.59	107.85
	(f) Other intangible assets	2,647.91	2,763.37
	(g) Other non-financial assets	2,375.03	2,737.81
	Total Non-Financial Assets	51,242.95	56,082.94
	TOTAL - ASSETS	**1,395,077.76**	**1,356,353.50**
B.	**LIABILITIES AND EQUITY**		
	LIABILITIES		
1.	**Financial Liabilities**		
	(a) Derivative financial instruments	-	59.57
	(b) Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	31,390.47	31,889.68
	(c) Debt securities	41,255.79	24,233.10
	(d) Borrowings (Other than debt securities)	941,122.11	969,398.33
	(e) Subordinated liabilities	96,389.58	102,223.97
	(f) Other financial liabilities	36,574.53	38,975.50
	Total Financial Liabilities	1,146,732.48	1,166,780.15
2.	**Non-Financial Liabilities**		
	(a) Current tax liabilities (Net)	1,782.27	1,316.50
	(b) Provisions	718.83	657.80
	(c) Other non-financial liabilities	5,781.93	6,521.35
	Total Non-Financial Liabilities	8,283.03	8,495.65
3.	**EQUITY**		
	(a) Equity share capital	5,385.73	4,740.57
	(b) Other equity	234,676.52	176,337.13
		240,062.25	181,077.70
	TOTAL - LIABILITIES AND EQUITY	**1,395,077.76**	**1,356,353.50**

2] The financial results of Magma Fincorp Limited ("the Company") have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Company has adopted Ind AS from 01 April 2018 with the effective transition date of 01 April 2017 and accordingly, these financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS 34 - 'Interim Financial Reporting'. Such transition has been carried out in line with the relevant exemptions provided under Ind AS 101 - 'First-time Adoption of Indian Accounting Standards' from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the Reserve Bank of India ("RBI") (collectively referred to as the "Previous GAAP").

The figures have been presented in accordance with the format prescribed for financial statements for a Non-Banking Finance Company (NBFC) whose financial statements are drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015, in Division III of Notification No. GSR 1022 (E) dated 11 October 2018, issued by the Ministry of Corporate Affairs, Government of India.

These financial results for the current and previous periods may require adjustments due to any change in financial reporting requirements arising from new standards, modifications to the existing standards, guidelines issued by the Ministry of Corporate Affairs and RBI or any change in the use of one or more optional exemptions from full retrospective application of certain Ind AS permitted under Ind AS 101.

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3] The above standalone financial results have been reviewed by the Audit Committee in their meeting held on 01 November 2018 and approved by the Board of Directors of the Company in their meeting held on 02 November 2018.

4] The above standalone financial results have been subjected to limited review by the statutory auditors of the Company as required under Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The reports of the statutory auditors are unqualified. Further, figures for the quarter and half year ended 30 September 2017 and for the year ended 31 March 2018 were neither subjected to limited review nor subjected to audit and are as prepared by the Management.

5] The review report of the Statutory Auditors and financial results shall be filed with BSE Limited and National Stock Exchange of India Limited and shall be available on the Company's website www.magma.co.in or on the website of BSE (www.bseindia.com) or NSE (www.nseindia.com).

6] Figures for the quarter ended 30 September 2017 and 30 September 2018 are the balancing figures between year to date figures upto second quarter and first quarter.

7] The Company's operating segments are established in the manner consistent with the components of the Company that are evaluated regularly by the Chief Operating Decision Maker as defined in Ind AS 108 - 'Operating Segments'. The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108.

8] As required by para 32 of Ind AS 101, net profit reconciliation between the figures reported under Previous GAAP and Ind AS is as under :

(₹ in lacs)

	Particulars	Quarter ended 30 September 2017 (Unaudited)	Year to Date 30 September 2017 (Unaudited)	Year ended 31 March 2018 (Unaudited)
1.	**Net profit as per Previous GAAP**	3,687.03	7,594.38	20,248.94
2.	**Adjustments resulting in increase / (decrease) in profit after tax as reported under Previous GAAP :**			
	(a) Impact on application of Expected Credit Loss method for loan loss provisions	1,830.00	(3,477.88)	1,358.70
	(b) Net gain on derecognition of loans sold under assignment transaction	(781.37)	(1,633.25)	(1,737.97)
	(c) Impact on recognition of financial assets and financial liabilities at amortised cost by application of effective interest rate method	(1,811.23)	(1,755.97)	(5,259.00)
	(d) Fair valuation of financial assets and liabilities carried through profit and loss	1,683.10	1,671.90	1,279.17
	(e) Merger of entities under common control	1,029.45	997.81	271.24
	(f) Others	54.63	110.16	72.20
	(g) Tax impact on above adjustments	393.83	5,506.45	3,889.26
3.	**Net profit as per Ind AS (1+2)**	**6,085.44**	**9,013.60**	**20,122.54**
4.	Other comprehensive income, net of taxes	204.90	247.07	4.79
5.	**Total comprehensive income (3+4)**	**6,290.34**	**9,260.67**	**20,127.33**

9] As required by para 32 of Ind AS 101, equity reconciliation between the figures reported under Previous GAAP and Ind AS is as under :

(₹ in lacs)

	Particulars	Year ended 31 March 2018 (Unaudited)
1.	**Equity as reported under Previous GAAP**	219,640.36
2.	**Adjustments resulting in increase / (decrease) in equity as reported under Previous GAAP :**	
	(a) Impact on application of Expected Credit Loss method for loan loss provisions	(59,646.29)
	(b) Net gain on derecognition of loans sold under assignment transaction	4,297.49
	(c) Impact on recognition of financial assets and financial liabilities at amortised cost by application of effective interest rate method	(7,128.99)
	(d) Fair valuation of financial assets and liabilities carried through profit and loss	2,474.07
	(e) Fair valuation of financial assets and liabilities carried through other comprehensive income	194.31
	(f) Tax impact on above adjustments	21,246.75
3.	**Equity as per Ind AS (1+2)**	**181,077.70**

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10] During the previous year, the Central Government had passed a Confirmation Order dated 15 January 2018 pursuant to the provisions of Section 233 of the Companies Act, 2013 approving the merger of Magma Advisory Services Limited ('MASL'), a wholly owned subsidiary, with the Company with effect from 01 April 2017, being the Appointed date. By virtue of the said merger, Magma Housing Finance Limited ('MHFL') (a wholly owned subsidiary of MASL and step down subsidiary of the Company) had became a direct wholly owned subsidiary of the Company.

11] During the previous year, the Company had acquired 26% equity shares of Magma ITL Finance Limited ('MITL') from International Tractors Limited ('ITL') (Joint Venture Partner). Pursuant to the said acquisition, MITL became a wholly owned subsidiary of the Company.

Subsequently, the Board of Directors and Shareholders of the Company at their meeting held on 09 November 2017 and 17 February 2018 respectively, had approved the Scheme of Merger under Section 230 - 232 of the Companies Act, 2013 read with Section 233 and read with Rules made thereunder (the 'Scheme') for merger of MITL with the Company with effect from 01 October 2017, being the Appointed date as provided in the Scheme. The Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT), had vide its order dated 08 May 2018 approved the Scheme.

This being a common control business combination under Ind AS 103, the financial results in respect of prior periods have been reinstated as if the business combination had occurred from the beginning of the preceding period. Accordingly, the financial results for the quarter & half year ended 30 September 2017 have been restated as if the business combination had occurred with effect from 01 April 2017. Had the Company accounted for the aforesaid Scheme with effect from 01 October 2017, the 'Other Equity' would have been lower by ₹ 2,482.94 lacs as at 01 April 2017 and the total comprehensive income) for quarter ended 30 September 2017 and year-to-date period from 1 April 2017 to 30 September 2017 would have been lower by ₹ 2,233.78 lacs and ₹ 5,096.45 lacs respectively.

Further, the Company has recognized the relevant deferred tax adjustments in the half year ended 30 September 2017 amounting to ₹ 2,758.17 lacs, in accordance with Ind AS 103 - 'Business Combinations' and Ind AS 12 - 'Income Taxes'.

12] During the quarter, the Nomination and Remuneration Committee of the Board of Directors has granted 5,57,000 options under various tranches at an exercise price of ₹ 120/-, ₹ 100/- and ₹ 2/- per share respectively under Magma Employee Stock Option Plan 2007 ('MESOP 2007'). The Committee has also granted 3,00,000 options at an exercise price of ₹ 100/- per share under Magma Restricted Stock Option Plan 2014 (MRSOP 2014). These options have been granted to the eligible employees of the Company (each Option entitles the option holder to 1 equity share of ₹ 2/- each).

13] The Shareholders at their Annual General Meeting held on 02 August 2018 approved the payment of equity dividend @40% i.e. ₹ 0.80 per equity share of ₹ 2/- each for the financial year 2017-18. The Company has accordingly paid the equity dividend (including taxes) aggregating to ₹ 2,597.11 lacs to the shareholders appearing as on record date.

14] During the previous quarter ended 30 June 2018, the Company has allotted 3,22,58,064 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 26,92,86,736 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.

15] The listed Non Convertible Debentures of the Company as on 30 September 2018 are secured by exclusive charge on standard receivables of the Company and also by a subservient charge over certain immovable properties. The total asset cover is hundred percent or above of the principal amount of the said debentures.

16] Previous year's / quarter's figures have been regrouped and rearranged wherever necessary.

By order of the Board
For **Magma Fincorp Limited**

Sanjay Chamria
Vice Chairman and Managing Director
DIN No.: 00009894

Place : Mumbai
Dated : 2 November 2018

Corporate Office : Equinox Business Park, 2nd Floor, Tower 3, Off BKC, LBS Marg, Kurla West, Mumbai - 400 070
Registered Office : Magma House, 24 Park Street, Kolkata - 700 016
Website : www.magma.co.in; **CIN** : L51504WB1978PLC031813
Phone: 033-4401 7200/350, **Fax:** 033-4402 7731; **E-mail:** shabnum.zaman@magma.co.in

MAGMA FINCORP LTD. MUMBAI

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India

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To the Board of Directors of
Magma Fincorp Limited

We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Magma Fincorp Limited ('the Company'), its subsidiary (collectively referred to as 'the Group') and its joint ventures (Refer Annexure I for the list of subsidiary and joint ventures) for the quarter ended 30 September 2018 and the year-to-date results for the period from 1 April 2018 to 30 September 2018 attached herewith, being submitted by the company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Attention is drawn to the fact that the figures for the corresponding quarter ended 30 September 2017, the year-to-date results for the period from 1 April 2017 to 30 September 2017 and the corresponding year ended 31 March 2018, including reconciliation of equity as at 31 March 2018 and reconciliation of profit under Indian Accounting Standards (Ind AS) of the corresponding quarter, corresponding year-to-date and corresponding year with the profit reported under previous Generally Accepted Accounting Principles (GAAP), as reported in this Statement have been approved by Company's Board of Directors but have not been subjected to review or audit.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity specified under section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We did not review the financial information of one subsidiary included in the Statement, whose unaudited financial information reflects total revenue of ₹ 5,901.46 lakhs and ₹ 11,238.49 lakhs for the quarter ended 30 September 2018 and period from 1 April 2018 to 30 September 2018 respectively and total assets of ₹ 165,865.21 lakhs as at 30 September 2018. The Statement also includes the Group's share of net loss (and other comprehensive income) of (₹ 389.29 lakhs) and (₹ 321.67 Lakhs) for the quarter ended 30 September 2018 and period from 1 April 2018 to 30 September 2018 respectively in respect of one joint venture. These unaudited financial information has been reviewed by other auditors whose reports have been furnished to us, and our conclusion on the Statement, to the extent it has been derived from such unaudited financial information is based solely on the report of such other auditors. Our conclusion is not modified in respect of such matter.

The Statement also includes Group's share of net profit (and other comprehensive income) of ₹ 57.68 lakhs and ₹ 129.00 lakhs for the quarter ended 30 September 2018 and period from 1 April 2018 to 30 September 2018 respectively in respect of one joint venture whose financial information has not been reviewed by their auditors. The unaudited financial information of this joint venture have been furnished to us by the management and our conclusion on the Statement, to the extent it has been derived from such unaudited financial information in respect of this joint venture is based solely on such Management certified unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these unaudited financial information are not material to the Group. Our conclusion is not modified in respect of such matter.

B S R & Co (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

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Mumbai - 400 011. India

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 read with Regulation 63(2) of Listing Regulations, SEBI Circulars dated 5 July 2016 and 10 August 2016 respectively in this regard, including the manner in which it is to be disclosed, or that it contains any material misstatement.

We draw attention to Note 12 of the Statement 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'. The accounting treatment 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 total comprehensive income (net of tax) for the quarter ended 30 September 2017 and year-to-date period from 1 April 2017 to 30 September 2017 attributable to Shareholders, would have been lower by ₹ 580.78 lakhs and 1,325.08 lakhs respectively. This represents total comprehensive income of the Subsidiary attributable to Non- controlling interest. Our conclusion is not modified in respect of this matter.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W / W-100022

Manoj Kumar Vijai
Partner
Membership Number: 046882

Place: Mumbai
Date: 2 November 2018

Annexure I-List of Subsidiary and Joint Ventures

1	Magma Housing Finance Limited-Subsidiary
2	Jaguar Advisory Services Limited-Joint venture
3	Magma HDI General Insurance Company Limited-Joint Venture

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(₹ in lacs)

Particulars		Quarter Ended			Year to Date		Year Ended
		30 September 2018	30 June 2018	30 September 2017	30 September 2018	30 September 2017	31 March 2018
		(Unaudited)[#]	(Unaudited)	(Unaudited)[#]	(Unaudited)	(Unaudited)	(Unaudited)
1.	**Revenue**						
	(a) Revenue from operations	62,428.61	58,618.02	59,549.93	121,046.63	118,217.92	234,229.29
	(b) Other income	1,501.80	1,955.01	1,452.15	3,456.81	2,749.96	3,753.04
	Total revenue	**63,930.41**	**60,573.03**	**61,002.08**	**124,503.44**	**120,967.88**	**237,982.33**
2.	**Expenses**						
	(a) Employee benefits expenses	10,640.60	10,977.15	8,869.71	21,617.75	17,690.39	36,803.34
	(b) Finance costs	27,451.25	26,506.50	28,383.68	53,957.75	57,592.57	111,808.33
	(c) Depreciation and amortisation expense	1,244.98	1,214.42	1,169.62	2,459.40	2,454.87	4,922.45
	(d) Impairment on financial instruments	8,740.56	8,457.06	9,015.64	17,197.62	24,015.03	36,729.24
	(e) Other expenses	5,169.56	4,548.14	4,234.22	9,717.70	8,681.73	18,821.11
	Total expenses	**53,246.95**	**51,703.27**	**51,672.87**	**104,950.22**	**110,434.59**	**209,084.47**
3.	**Profit before share of profit of joint ventures and tax (1-2)**	**10,683.46**	**8,869.76**	**9,329.21**	**19,553.22**	**10,533.29**	**28,897.86**
4.	**Share of profit/(loss) of joint ventures**	**(291.79)**	**796.78**	**90.02**	**504.99**	**118.96**	**186.82**
5.	**Profit before tax (3+4)**	**10,391.67**	**9,666.54**	**9,419.23**	**20,058.21**	**10,652.25**	**29,084.68**
6.	**Tax expense**						
	(a) Current tax	670.82	3,787.84	2,928.86	4,458.66	5,276.82	10,449.00
	(b) Deferred tax	2,061.13	(933.67)	(818.51)	1,127.46	(5,826.20)	(5,053.09)
	Total tax expense	**2,731.95**	**2,854.17**	**2,110.35**	**5,586.12**	**(549.38)**	**5,395.91**
7.	**Profit for the period (5-6)**	**7,659.72**	**6,812.37**	**7,308.88**	**14,472.09**	**11,201.63**	**23,688.77**
8.	**Other comprehensive income**						
	(a) (i) Items that will not be reclassified to profit and loss	9.13	(68.47)	(50.85)	(59.34)	(101.70)	(36.79)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	(2.98)	25.76	17.59	22.78	21.60	10.60
	(b) (i) Items that will be reclassified to profit and loss	(178.74)	10.59	1,325.34	(168.15)	1,112.74	610.53
	(ii) Income tax relating to items that will be reclassified to profit and loss	60.59	(200.94)	(479.55)	(140.35)	(262.22)	(314.03)
	Total other comprehensive income	**(112.00)**	**(233.06)**	**812.53**	**(345.06)**	**770.42**	**270.31**
9.	**Total comprehensive income for the period (7+8)**	**7,547.72**	**6,579.31**	**8,121.41**	**14,127.03**	**11,972.05**	**23,959.08**
10.	**Total comprehensive income for the period attributable to**						
	(a) Owners of the Company	7,547.72	6,579.31	8,121.41	14,127.03	11,972.05	23,959.08
	(b) Non-controlling interests	-	-	-	-	-	-
11.	**Profit for the period attributable to**						
	(a) Owners of the Company	7,659.72	6,812.37	7,308.88	14,472.09	11,201.63	23,688.77
	(b) Non-controlling interests	-	-	-	-	-	-
12.	**Other comprehensive income attributable to**						
	(a) Owners of the Company	(112.00)	(233.06)	812.53	(345.06)	770.42	270.31
	(b) Non-controlling interests	-	-	-	-	-	-
13.	**Paid-up equity share capital (Face value of ₹ 2/- each)**	5,385.73	5,385.73	4,739.47	5,385.73	4,739.47	4,740.57
14.	**Earnings per share (not annualised)**						
	(a) Basic (in ₹)	2.84	2.57	3.08	5.37	4.73	10.00
	(b) Diluted (in ₹)	2.83	2.56	3.08	5.34	4.71	9.97

See accompanying notes to the financial results

[#] Balancing figures (Note 7)

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Notes :

1] Disclosure of consolidated assets and liabilities as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as at 30 September 2018.

(₹ in lacs)

	Particulars	As at 30 September 2018 (Unaudited)	As at 31 March 2018 (Unaudited)
A.	**ASSETS**		
1.	**Financial Assets**		
	(a) Cash and cash equivalents	8,811.51	10,160.01
	(b) Bank balances other than (a) above	43,623.99	30,509.64
	(c) Trade receivables	1,079.65	371.89
	(d) Loans	1,408,475.41	1,362,897.19
	(e) Investments	18,240.55	21,950.79
	(f) Other financial assets	12,205.61	5,656.03
	Total Financial Assets	1,492,436.72	1,431,545.55
2.	**Non-Financial Assets**		
	(a) Current tax assets (Net)	7,576.69	9,712.71
	(b) Deferred tax Assets (Net)	22,582.15	23,827.27
	(c) Investment property	8.33	8.42
	(d) Property, plant and equipment	15,648.28	16,379.71
	(e) Intangible assets under development	178.59	107.85
	(f) Goodwill	1,430.34	1,430.34
	(g) Other intangible assets	2,714.76	2,840.29
	(h) Other non-financial assets	2,747.07	3,123.38
	Total Non-Financial Assets	52,886.21	57,429.97
	TOTAL - ASSETS	**1,545,322.93**	**1,488,975.52**
B.	**LIABILITIES AND EQUITY**		
	LIABILITIES		
1.	**Financial Liabilities**		
	(a) Derivative financial instruments	-	59.57
	(b) Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	31,648.62	32,238.06
	(c) Debt securities	47,719.45	34,688.13
	(d) Borrowings (Other than debt securities)	1,061,981.53	1,069,065.87
	(e) Subordinated liabilities	96,389.58	102,223.97
	(f) Other financial liabilities	39,792.82	43,815.43
	Total Financial Liabilities	1,277,532.00	1,282,091.03
2.	**Non-Financial Liabilities**		
	(a) Current tax liabilities (Net)	2,313.08	1,596.50
	(b) Provisions	771.83	709.09
	(c) Other non-financial liabilities	6,670.56	7,377.22
	Total Non-Financial Liabilities	9,755.47	9,682.81
3.	**EQUITY**		
	(a) Equity share capital	5,385.73	4,740.57
	(b) Other equity	252,649.73	192,461.11
		258,035.46	197,201.68
	TOTAL - LIABILITIES AND EQUITY	**1,545,322.93**	**1,488,975.52**

2] The financial results of Magma Fincorp Limited ("the Company"), its subsidiary (collectively referred to as 'the Group') and its joint ventures have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Company has adopted Ind AS from 01 April 2018 with the effective transition date of 01 April 2017 and accordingly, these financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS 34 - 'Interim Financial Reporting'. Such transition has been carried out in line with the relevant exemptions provided under Ind AS 101 - 'First-time Adoption of Indian Accounting Standards' from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the Reserve Bank of India ("RBI") (collectively referred to as the "Previous GAAP").

The figures have been presented in accordance with the format prescribed for financial statements for a Non-Banking Finance Company (NBFC) whose financial statements are drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015, in Division III of Notification No. GSR 1022 (E) dated 11 October 2018, issued by the Ministry of Corporate Affairs, Government of India.

These financial results for the current and previous periods may require adjustments due to any change in financial reporting requirements arising from new standards, modifications to the existing standards, guidelines issued by the Ministry of Corporate Affairs and RBI or any change in the use of one or more optional exemptions from full retrospective application of certain Ind AS permitted under Ind AS 101.

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Statement of Consolidated Unaudited Financial Results for the Quarter and Six Month Period Ended 30 September 2018

3] The above consolidated financial results have been reviewed by the Audit Committee in their meeting held on 01 November 2018 and approved by the Board of Directors of the Company in their meeting held on 02 November 2018.

4] The above consolidated financial results have been subjected to limited review by the statutory auditors of the Company as required under Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). The reports of the statutory auditors are unqualified. Further, figures for the quarter and half year ended 30 September 2017 and for the year ended 31 March 2018 were neither subjected to limited review nor subjected to audit and are as prepared by the Management.

5] In accordance with Regulation 33 of the Listing Regulations, the Group shall publish consolidated financial results. The review report of the Statutory Auditors and financial results shall be filed with BSE Limited and National Stock Exchange of India Limited and shall be available on the Company's website www.magma.co.in or on the website of BSE (www.bseindia com) or NSE (www.nseindia.com).

6] The consolidated financial results have been prepared in accordance with the Ind AS 110 (Consolidated Financial Statements) and Ind AS 111 (Joint Arrangements) and comprise of the financial results of Magma Fincorp Limited, its subsidiary, Magma Housing Finance Limited ('MHFL') {Formerly Magma Housing Finance (A Public Company with Unlimited Liability)} and its joint ventures , Magma HDI General Insurance Co Ltd and Jaguar Advisory Services Private Limited. The joint ventures were earlier consolidated on proportionate method under the Previous GAAP and are now consolidated using the equity accounting method under Ind AS.

7] Figures for the quarter ended 30 September 2017 and 30 September 2018 are the balancing figures between year to date figures upto second quarter and first quarter.

8] The Group's operating segments are established in the manner consistent with the components of the Group that are evaluated regularly by the Chief Operating Decision Maker as defined in Ind AS 108 - 'Operating Segments'. The Group is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108.

9] As required by para 32 of Ind AS 101, net profit reconciliation between the figures reported under Previous GAAP and Ind AS is as under :

(₹ in lacs)

	Particulars	Quarter ended 30 September 2017 (Unaudited)	Year to Date 30 September 2017 (Unaudited)	Year ended 31 March 2018 (Unaudited)
1.	**Net profit as per Previous GAAP**	4,885.45	9,392.68	23,042.41
2.	**Adjustments resulting in increase / (decrease) in profit after tax as reported under Previous GAAP :**			
	(a) Impact on application of Expected Credit Loss method for loan loss provisions	1,555.60	(3,508.48)	1,800.16
	(b) Net gain on derecognition of loans sold under assignment transaction	(318.07)	(920.73)	(655.63)
	(c) Impact on recognition of financial assets and financial liabilities at amortised cost by application of effective interest rate method	(1,844.39)	(1,781.01)	(5,381.14)
	(d) Fair valuation of financial assets and liabilities carried through profit and loss	2,025.66	2,014.42	1,512.48
	(e) Others	54.04	113.34	50.95
	(f) Tax impact on above adjustments	950.59	5,891.41	3,319.54
3.	**Net profit as per Ind AS (1+2)**	**7,308.88**	**11,201.63**	**23,688.77**
4.	Other comprehensive income, net of taxes	812.53	770.42	270.31
5.	**Total comprehensive income (3+4)**	**8,121.41**	**11,972.05**	**23,959.08**

10] As required by para 32 of Ind AS 101, equity reconciliation between the figures reported under Previous GAAP and Ind AS is as under :

(₹ in lacs)

	Particulars	Year ended 31 March 2018 (Unaudited)
1.	**Equity as reported under Previous GAAP**	231,949.85
2.	**Adjustments resulting in increase / (decrease) in equity as reported under Previous GAAP :**	
	(a) Impact on application of Expected Credit Loss method for loan loss provisions	(60,516.66)
	(b) Net gain on derecognition of loans sold under assignment transaction	8,027.41
	(c) Impact on recognition of financial assets and financial liabilities at amortised cost by application of effective interest rate method	(8,441.08)
	(d) Fair valuation of financial assets and liabilities carried through profit and loss	2,707.05
	(e) Fair valuation of financial assets and liabilities carried through other comprehensive income	569.28
	(f) Others	2,412.28
	(g) Tax impact on above adjustments	20,493.55
3.	**Equity as per Ind AS (1+2)**	**197,201.68**

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11] During the previous year, the Central Government had passed a Confirmation Order dated 15 January 2018 pursuant to the provisions of Section 233 of the Companies Act, 2013 approving the merger of Magma Advisory Services Limited ('MASL'), a wholly owned subsidiary, with the Company with effect from 01 April 2017, being the Appointed date. Further by virtue of the said merger, Magma Housing Finance Limited ('MHFL') (a wholly owned subsidiary of MASL and step down subsidiary of the Company) had became a direct wholly owned subsidiary of the Company.

12] During the previous year, the Company had acquired 26% equity shares of Magma ITL Finance Limited ('MITL') from International Tractors Limited ('ITL') (Joint Venture Partner). Pursuant to the said acquisition, MITL became a wholly owned subsidiary of the Company.

Subsequently, the Board of Directors and Shareholders of the Company at their meeting held on 09 November 2017 and 17 February 2018 respectively, had approved the Scheme of Merger under Section 230 - 232 of the Companies Act, 2013 read with Section 233 and read with Rules made thereunder (the 'Scheme') for merger of MITL with the Company with effect from 01 October 2017, being the Appointed date as provided in the Scheme. The Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT), had vide its order dated 08 May 2018 approved the Scheme.

This being a common control business combination under Ind AS 103, the financial results in respect of prior periods have been reinstated as if the business combination had occurred from the beginning of the preceding period. Accordingly, the financial results for the quarter & half year ended 30 September 2017 have been restated as if the business combination had occurred with effect from 01 April 2017. Had the Company accounted for the aforesaid Scheme with effect from 01 October 2017, the total comprehensive income (net of tax) for the quarter ended 30 September 2017 and year-to-date period from 1 April 2017 to 30 September 2017, attributable to Shareholders would have been lower by ₹ 580.78 lacs and ₹ 1,325.08 lacs respectively.

Further, the Company has recognized the relevant deferred tax adjustments in the half year ended 30 September 2017 amounting to ₹ 2,758.17 lacs, in accordance with Ind AS 103 - 'Business Combinations' and Ind AS 12 - 'Income Taxes'.

13] During the quarter, the Nomination and Remuneration Committee of the Board of Directors has granted 5,57,000 options under various tranches at an exercise price of ₹ 120/-, ₹ 100/- and ₹ 2/- per share respectively under Magma Employee Stock Option Plan 2007 ('MESOP 2007'). The Committee has also granted 3,00,000 options at an exercise price of ₹ 100/- per share under Magma Restricted Stock Option Plan 2014 (MRSOP 2014). These options have been granted to the eligible employees of the Company (each Option entitles the option holder to 1 equity share of ₹ 2/- each).

14] The Shareholders at their Annual General Meeting held on 02 August 2018 approved the payment of equity dividend @40% i.e. ₹ 0.80 per equity share of ₹ 2/- each for the financial year 2017-18. The Company has accordingly paid the equity dividend (including taxes) aggregating to ₹ 2,597.11 lacs to the shareholders appearing as on record date.

15] During the previous quarter ended 30 June 2018, the Company has allotted 3,22,58,064 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 26,92,86,736 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.

16] The listed Non Convertible Debentures of the Group as on 30 September 2018 are secured by exclusive charge on standard receivables of the Company and also by a subservient charge over certain immovable properties. The total asset cover is hundred percent or above of the principal amount of the said debentures.

17] Unaudited Financial Results of Magma Fincorp Limited (Standalone Information):

(₹ in lacs)

Particulars		Quarter Ended			Year to Date		Year Ended
		30 September 2018	30 June 2018	30 September 2017	30 September 2018	30 September 2017	31 March 2018
		(Unaudited)#	(Unaudited)	(Unaudited)#	(Unaudited)	(Unaudited)	(Unaudited)
1.	Total income from operations	58,028.94	55,236.41	54,783.22	113,265.35	108,901.74	214,989.66
2.	Profit before tax	9,432.45	7,780.33	7,590.23	17,212.78	7,357.11	23,708.70
3.	Profit for the period	7,058.26	5,145.62	6,085.44	12,203.88	9,013.60	20,122.54
4.	Total comprehensive income for the period	6,823.21	5,410.75	6,290.34	12,233.96	9,260.67	20,127.33

Balancing figures (Note 7)

18] Previous year's / quarter's figures have been regrouped and rearranged wherever necessary.

By order of the Board

For **Magma Fincorp Limited**

Place : Mumbai

Dated . 2 November 2018

Sanjay Chamria

Vice Chairman and Managing Director

DIN No.: 00009894

Corporate Office : Equinox Business Park, 2nd Floor, Tower 3, Off BKC, LBS Marg, Kurla West, Mumbai - 400 070

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

Website : www.magma.co.in; **CIN** : L51504WB1978PLC031813

Phone: 033-4401 7200/350, **Fax:** 033-4402 7731; **E-mail:** shabnum.zaman@magma.co.in

MAGMA FINCORP LTD. MUMBAI

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Chartered Accountants

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India

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To the Board of Directors of
Magma Fincorp Limited

We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Magma Fincorp Limited ('the Company'), its subsidiary (collectively referred to as 'the Group') and its joint ventures (Refer Annexure I for the list of subsidiary and joint ventures) for the quarter ended 31 December 2018 and the year-to-date results for the period from 1 April 2018 to 31 December 2018 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5 July, 2016. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity specified under section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We did not review the financial information of one subsidiary included in the Statement, whose unaudited financial information reflects total revenue of ₹ 6,498.22 lakhs and ₹ 17,736.31 lakhs for the quarter ended 31 December 2018 and period from 1 April 2018 to 31 December 2018 respectively. The Statement also includes the Group's share of net profit (and other comprehensive income) of ₹ 375.40 lakhs and ₹ 53.73 Lakhs for the quarter ended 31 December 2018 and period from 1 April 2018 to 31 December 2018 respectively in respect of one joint venture. These unaudited financial information has been reviewed by other auditors whose reports have been furnished to us, and our conclusion on the Statement, to the extent it has been derived from such unaudited financial information is based solely on the report of such other auditors. Our conclusion is not modified in respect of such matter.

The Statement also includes Group's share of net profit (and other comprehensive income) of ₹ 174.78 lakhs and ₹ 303.78 lakhs for the quarter ended 31 December 2018 and period from 1 April 2018 to 31 December 2018 respectively in respect of one joint venture whose financial information has not been reviewed by their auditors. The unaudited financial information of this joint venture have been furnished to us by the management and our conclusion on the Statement, to the extent it has been derived from such unaudited financial information in respect of this joint venture is based solely on such Management certified unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these unaudited financial information are not material to the Group. Our conclusion is not modified in respect of such matter.

B S R & Co (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

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N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011. India

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5 July, 2016 issued in this regard, including the manner in which it is to be disclosed, or that it contains any material misstatement.

We draw attention to Note 9 of the Statement 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'. The accounting treatment 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 total comprehensive income (net of tax) for the year-to-date period from 1 April 2017 to 31 December 2017 attributable to Shareholders, would have been lower by ₹ 1,325.08 lakhs. This represents total comprehensive income of the Subsidiary attributable to Non- controlling interest. Our conclusion is not modified in respect of this matter.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W / W-100022

Manoj Kumar Vijai
Partner
Membership Number: 046882

Place: Mumbai
Date: 31 January 2019

Annexure I-List of Subsidiary and Joint Ventures

1	Magma Housing Finance Limited-Subsidiary
2	Jaguar Advisory Services Private Limited-Joint venture
3	Magma HDI General Insurance Company Limited-Joint Venture

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Statement of Consolidated Unaudited Financial Results for the Quarter and Nine Month Period Ended 31 December 2018

(₹ in lacs)

	Particulars	Quarter Ended			Year to Date		Year Ended
		31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	**Revenue**						
	(a) Revenue from operations	62,473.06	62,428.61	57,404.73	183,519.69	175,622.65	234,229.29
	(b) Other income	919.40	1,501.80	493.30	4,376.21	3,243.26	3,753.04
	Total revenue	**63,392.46**	**63,930.41**	**57,898.03**	**187,895.90**	**178,865.91**	**237,982.33**
2	**Expenses**						
	(a) Employee benefits expenses	11,120.51	10,640.60	9,418.81	32,738.26	27,109.20	36,803.34
	(b) Finance costs	28,692.21	27,451.25	27,554.13	82,649.96	85,146.70	111,808.33
	(c) Depreciation and amortisation expense	1,204.49	1,244.98	1,185.33	3,663.89	3,640.20	4,922.45
	(d) Loan loss provisions and bad debts written-off	5,252.37	8,740.56	9,390.36	22,449.99	33,405.39	36,729.24
	(e) Other expenses	5,165.17	5,169.56	4,440.95	14,882.87	13,122.68	18,821.11
	Total expenses	**51,434.75**	**53,246.95**	**51,989.58**	**156,384.97**	**162,424.17**	**209,084.47**
3	**Profit before share of profit of joint ventures and tax (1-2)**	**11,957.71**	**10,683.46**	**5,908.45**	**31,510.93**	**16,441.74**	**28,897.86**
4	**Share of profit/(loss) of joint ventures**	**(273.42)**	**(291.79)**	**76.00**	**231.57**	**194.96**	**186.82**
5	**Profit from ordinary activities before tax (3+4)**	**11,684.29**	**10,391.67**	**5,984.45**	**31,742.50**	**16,636.70**	**29,084.68**
6	**Tax expense**						
	(a) Current tax - current year	641.49	670.82	2,010.84	5,100.15	7,287.66	10,449.00
	- earlier year	165.00	-	-	165.00	-	-
	(b) Deferred tax	3,479.23	2,061.13	(510.24)	4,606.69	(6,336.44)	(5,053.09)
	Total tax expense	**4,285.72**	**2,731.95**	**1,500.60**	**9,871.84**	**951.22**	**5,395.91**
7	**Net Profit from ordinary activities after tax (5-6)**	**7,398.57**	**7,659.72**	**4,483.85**	**21,870.66**	**15,685.48**	**23,688.77**
8	**Other comprehensive income**						
	(a) (i) Items that will not be reclassified to profit and loss	(115.70)	9.13	(50.85)	(175.04)	(152.55)	(36.79)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	38.67	(2.98)	17.60	61.45	39.20	10.60
	(b) (i) Items that will be reclassified to profit and loss	289.45	(178.74)	(464.79)	121.30	647.95	610.53
	(ii) Income tax relating to items that will be reclassified to profit and loss	160.27	60.59	(31.36)	19.92	(293.58)	(314.03)
	Total other comprehensive income	**372.69**	**(112.00)**	**(529.40)**	**27.63**	**241.02**	**270.31**
9	**Total comprehensive income for the period (7+8)**	**7,771.26**	**7,547.72**	**3,954.45**	**21,898.29**	**15,926.50**	**23,959.08**
10	**Total comprehensive income for the period attributable to**						
	(a) Owners of the Company	7,771.26	7,547.72	3,954.45	21,898.29	15,926.50	23,959.08
	(b) Non-controlling interests	-	-	-	-	-	-
11	**Net Profit from ordinary activities after tax attributable to**						
	(a) Owners of the Company	7,398.57	7,659.72	4,483.85	21,870.66	15,685.48	23,688.77
	(b) Non-controlling interests	-	-	-	-	-	-
12	**Other comprehensive income attributable to**						
	(a) Owners of the Company	372.69	(112.00)	(529.40)	27.63	241.02	270.31
	(b) Non-controlling interests	-	-	-	-	-	-
13	**Paid-up equity share capital (Face value of ₹ 2/- each)**	5,386.03	5,385.73	4,739.47	5,386.03	4,739.47	4,740.57
14	**Earnings per share (not annualised)**						
	(a) Basic (in ₹)	2.75	2.84	1.89	8.16	6.62	10.00
	(b) Diluted (in ₹)	2.73	2.83	1.89	8.10	6.60	9.97

See accompanying notes to the financial results

B S R & Co. LLP
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Chartered Accountants

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Statement of Consolidated Unaudited Financial Results for the Quarter and Nine Month Period Ended 31 December 2018

Notes :

1] The financial results of Magma Fincorp Limited ("the Company"), its subsidiary and its joint ventures (collectively referred to as 'the Group') have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Company has adopted Ind AS from 01 April 2018 with the effective transition date of 01 April 2017 and accordingly, these financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS 34 - 'Interim Financial Reporting'. Such transition has been carried out in line with the relevant exemptions provided under Ind AS 101 - 'First-time Adoption of Indian Accounting Standards' from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the Reserve Bank of India ("RBI") (collectively referred to as the "Previous GAAP").
These financial results for the current and previous periods may require adjustments due to any change in financial reporting requirements arising from new standards, modifications to the existing standards, guidelines issued by the Ministry of Corporate Affairs and RBI or any change in the use of one or more optional exemptions from full retrospective application of certain Ind AS permitted under Ind AS 101.

2] The consolidated financial results have been reviewed by the Audit Committee in their meeting held on 30 January 2019 and approved by the Board of Directors of the Company in their meeting held on 31 January 2019.

3] The consolidated financial results have been subjected to limited review by the statutory auditors of the Company as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). The reports of the statutory auditors are unqualified.

4] In accordance with Regulation 33 of the Listing Regulations, the Group shall publish consolidated financial results. The review report of the Statutory Auditors and financial results shall be filed with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) and shall be available on the Company's website www.magma.co.in or on the website of BSE (www.bseindia.com) or NSE (www.nseindia.com).

5] The consolidated financial results have been prepared in accordance with the Ind AS 110 (Consolidated Financial Statements) and Ind AS 111 (Joint Arrangements) and comprise of the financial results of Magma Fincorp Limited, its subsidiary, Magma Housing Finance Limited ('MHFL') {Formerly Magma Housing Finance (A Public Company with Unlimited Liability)} and its joint ventures , Magma HDI General Insurance Co Ltd and Jaguar Advisory Services Private Limited. The joint ventures were earlier consolidated on proportionate method under the Previous GAAP and are now consolidated using the equity accounting method under Ind AS.

6] The Group's operating segments are established in the manner consistent with the components of the Group that are evaluated regularly by the Chief Operating Decision Maker as defined in Ind AS 108 - 'Operating Segments'. The Group is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108.

7] As required by para 32 of Ind AS 101, net profit reconciliation between the figures reported under Previous GAAP and Ind AS is as under :

(₹ in lacs)

	Particulars	Quarter ended	Year to Date	Year ended
		31 December 2017	31 December 2017	31 March 2018
		(Unaudited)	(Unaudited)	(Unaudited)
1	**Net profit as per Previous GAAP**	6,502.00	15,894.68	23,042.41
2	**Adjustments resulting in increase / (decrease) in profit after tax as reported under Previous GAAP :**			
	(a) Impact on application of Expected Credit Loss method for loan loss provisions	(310.12)	(3,818.60)	1,800.16
	(b) Impact on derecognition of loans sold under assignment transaction	(938.27)	(1,859.00)	(655.63)
	(c) Impact on recognition of financial assets and financial liabilities at amortised cost by application of effective interest rate method	(1,872.78)	(3,653.79)	(5,381.14)
	(d) Fair valuation of financial assets and liabilities carried through profit and loss	(165.19)	1,849.23	1,512.48
	(e) Others	49.91	163.25	50.95
	(f) Tax impact on above adjustments	1,218.30	7,109.71	3,319.54
3	**Net profit as per Ind AS (1+2)**	**4,483.85**	**15,685.48**	**23,688.77**
4	Other comprehensive income, net of taxes	(529.40)	241.02	270.31
5	**Total comprehensive income (3+4)**	**3,954.45**	**15,926.50**	**23,959.08**

8] During the previous year, the Central Government had passed a Confirmation Order dated 15 January 2018 pursuant to the provisions of Section 233 of the Companies Act, 2013 approving the merger of Magma Advisory Services Limited ('MASL'), a wholly owned subsidiary, with the Company with effect from 01 April 2017, being the Appointed date. Further by virtue of the said merger, Magma Housing Finance Limited ('MHFL') (a wholly owned subsidiary of MASL and step down subsidiary of the Company) had became a direct wholly owned subsidiary of the Company.

9] During the previous year, the Company had acquired 26% equity shares of Magma ITL Finance Limited ('MITL') from International Tractors Limited ('ITL') (Joint Venture Partner). Pursuant to the said acquisition, MITL became a wholly owned subsidiary of the Company.
Subsequently, the Board of Directors and Shareholders of the Company at their meeting held on 09 November 2017 and 17 February 2018 respectively, had approved the Scheme of Merger under Section 230 - 232 of the Companies Act, 2013 read with Section 233 and read with Rules made thereunder (the 'Scheme') for merger of MITL with the Company with effect from 01 October 2017, being the Appointed date as provided in the Scheme. The Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT), had vide its order dated 08 May 2018 approved the Scheme.
This being a common control business combination under Ind AS 103, the financial results in respect of prior periods have been restated as if the business combination had occurred from the beginning of the preceding period. Accordingly, the financial results for the nine month ended 31 December 2017 have been restated as if the business combination had occurred with effect from 01 April 2017. Had the Company accounted for the aforesaid Scheme with effect from 01 October 2017, the total comprehensive income (net of tax) for year-to-date period from 01 April 2017 to 31 December 2017, attributable to Shareholders would have been lower by ₹ 1,325.08 lacs.
Further, the Company has recognized the relevant deferred tax adjustments in the nine month ended 31 December 2017 amounting to ₹ 2,758.17 lacs, in accordance with Ind AS 103 - 'Business Combinations' and Ind AS 12 - 'Income Taxes'.

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B S R & Co. LLP 5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai - 400 011 India. Chartered Accountants

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MAGMA FINCORP LIMITED

Statement of Consolidated Unaudited Financial Results for the Quarter and Nine Month Period Ended 31 December 2018

10] During the quarter, the Nomination and Remuneration Committee through Resolution by Circulation passed on 8 November 2018 has allotted 15,000 equity shares of the face value of 2/-each to an erstwhile eligible employee 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 26,93,01,736 equity shares of ₹ 2/- each aggregating to ₹5,386.03 lacs. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

11] The Shareholders at their Annual General Meeting held on 02 August 2018 approved the payment of equity dividend @40% i.e. ₹ 0.80 per equity share of ₹ 2/- each for the financial year 2017-18. The Company has accordingly paid the equity dividend (including taxes) aggregating to ₹ 2,597.11 lacs to the shareholders appearing as on record date.

12] During the quarter ended 30 June 2018, the Company has allotted 3,22,58,064 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 26,92,86,736 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.

13] During the quarter, the Company has subscribed to 51,38,889 equity shares of ₹ 10/- each at a price of ₹ 40/- each (including a premium of ₹ 30/- each) of Magma HDI General Insurance Company Limited, a Joint Venture Company aggregating ₹ 2,055.56 lacs on right issue basis and the shares have been allotted as fully paid up.

14] Pursuant to the approval of the Board of Directors of the Company in their meeting held on 02 November 2018 and Management Committee of the Board on 15 January 2019, the Company has filed a Draft Shelf Prospectus with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 15 January 2019, for a public issue of 100 lacs secured redeemable non-convertible debentures ('NCD') of ₹ 1,000 each aggregating up to ₹ 1,00,000 lacs and received in principle approval on 23 January 2019 The NCDs will be issued in one or more tranches, on terms and conditions as set out in separate tranche prospectus(es) for each tranche issue.

15] The listed Non Convertible Debentures of the Group as on 31 December 2018 are secured by exclusive charge on standard receivables of the Company and also by a subservient charge over certain immovable properties. The total asset cover is hundred percent or above of the principal amount of the said debentures.

16] Unaudited Financial Results of Magma Fincorp Limited (Standalone Information):

(₹ in lacs)

	Particulars	Quarter Ended			Year to Date		Year Ended
		31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	Total income from operations	57,123.97	58,028.94	52,893.02	170,389.32	161,794.76	214,989.66
2	Profit before tax	10,526.59	9,432.45	4,751.32	27,739.37	12,108.43	23,708.70
3	Profit for the period	6,657.13	7,058.26	3,643.89	18,861.01	12,657.49	20,122.54
4	Total comprehensive income for the period	6,553.42	6,823.21	3,459.70	18,787.38	12,720.37	20,127.33

17] Previous year's / year-to-date period /quarter's figures have been regrouped and rearranged wherever necessary.

By order of the Board
For Magma Fincorp Limited

Sanjay Chamria
Vice Chairman and Managing Director
DIN No.: 00009894

Place : Mumbai
Dated : 31 January 2019

Corporate Office: Equinox Business Park, 2nd Floor, Tower 3, Off BKC, LBS Marg, Kurla West, Mumbai - 400 070
Registered Office : Magma House, 24 Park Street, Kolkata - 700 016
Website : www.magma.co.in; **CIN** : L51504WB1978PLC031813
Phone: 033-4401 7200/350, **Fax:** 033-4402 7731; **E-mail:** shabnum.zaman@magma.co.in

B S R & Co. LLP 5th Floor, Lodha Excelus, Apollo Mills Compound N. M. Joshi Marg, Mahalaxmi, Mumbai - 400 011 India. Chartered Accountants

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Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
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To the Board of Directors of
Magma Fincorp Limited

We have reviewed the accompanying statement of unaudited standalone financial results ('the Statement') of Magma Fincorp Limited ('the Company') for the quarter ended 31 December 2018 and the year-to-date results for the period from 1 April 2018 to 31 December 2018 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5 July, 2016. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity specified under Section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5 July, 2016 issued in this regard, including the manner in which it is to be disclosed, or that it contains any material misstatement.

We draw attention to Note 8 of the Statement 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'. The accounting treatment 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 ₹ 2,482.94 Lakhs and the total comprehensive income (net of tax) for year-to-date period from 1 April 2017 to 31 December 2017 would have been lower by ₹ 5,096.45 Lakhs. Our conclusion is not modified in respect of this matter.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W / W-100022

Manoj Kumar Vijai
Partner
Membership Number: 046882

Place: Mumbai
Date: 31 January 2019

B S R & Co (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011. India

MAGMA

MAGMA FINCORP LIMITED

Statement of Standalone Unaudited Financial Results for the Quarter and Nine Month Period Ended 31 December 2018

(₹ in lacs)

	Particulars	Quarter ended			Year to Date		Year ended
		31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	**Revenue**						
	(a) Revenue from operations	56,394.77	56,598.63	52,434.33	166,339.39	158,755.69	211,459.46
	(b) Other income	729.20	1,430.31	458.69	4,049.93	3,039.07	3,530.20
	Total revenue	**57,123.97**	**58,028.94**	**52,893.02**	**170,389.32**	**161,794.76**	**214,989.66**
2	**Expenses**						
	(a) Employee benefits expenses	9,755.10	9,346.17	8,514.06	28,878.20	24,387.92	33,059.77
	(b) Finance costs	25,981.59	24,898.10	25,015.19	74,958.51	77,081.93	101,314.83
	(c) Depreciation and amortisation expense	1,196.83	1,237.26	1,179.42	3,642.24	3,622.46	4,898.60
	(d) Loan loss provisions and bad debts written-off	5,133.55	8,503.76	9,384.70	22,016.73	32,565.37	34,741.91
	(e) Other expenses	4,530.31	4,611.20	4,048.33	13,154.27	12,028.65	17,265.85
	Total expenses	**46,597.38**	**48,596.49**	**48,141.70**	**142,649.95**	**149,686.33**	**191,280.96**
3	**Profit from ordinary activities before tax (1-2)**	**10,526.59**	**9,432.45**	**4,751.32**	**27,739.37**	**12,108.43**	**23,708.70**
4	**Tax expense**						
	(a) Current tax- current year	648.96	(197.87)	1,565.23	4,007.93	6,073.19	8,758.39
	- earlier year	165.00	-	-	165.00	-	-
	(b) Deferred tax	3,055.50	2,572.06	(457.80)	4,705.43	(6,622.25)	(5,172.23)
	Total tax expense	**3,869.46**	**2,374.19**	**1,107.43**	**8,878.36**	**(549.06)**	**3,586.16**
5	**Net Profit from ordinary activities after tax (3-4)**	**6,657.13**	**7,058.26**	**3,643.89**	**18,861.01**	**12,657.49**	**20,122.54**
6	**Other comprehensive income**						
	(a) (i) Items that will not be reclassified to profit and loss	(115.24)	5.15	(55.53)	(185.48)	(166.59)	(73.10)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	38.52	(1.80)	19.22	63.06	44.06	12.70
	(b) (i) Items that will be reclassified to profit and loss	(42.56)	(366.46)	(226.14)	73.92	283.54	100.69
	(ii) Income tax relating to items that will be reclassified to profit and loss	15.57	128.06	78.26	(25.13)	(98.13)	(35.50)
	Total other comprehensive income	**(103.71)**	**(235.05)**	**(184.19)**	**(73.63)**	**62.88**	**4.79**
7	**Total comprehensive income for the period (5+6)**	**6,553.42**	**6,823.21**	**3,459.70**	**18,787.38**	**12,720.37**	**20,127.33**
8	**Paid-up equity share capital (Face value of ₹ 2/- each)**	5,386.03	5,385.73	4,739.47	5,386.03	4,739.47	4,740.57
9	**Earnings per share (not annualised)**						
	(a) Basic (in ₹)	2.47	2.62	1.54	7.04	5.34	8.49
	(b) Diluted (in ₹)	2.45	2.61	1.53	6.99	5.33	8.47

See accompanying notes to the financial results

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Statement of Standalone Unaudited Financial Results for the Quarter and Nine Month Period Ended 31 December 2018

Notes :

1] The financial results of Magma Fincorp Limited ("the Company") have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Company has adopted Ind AS from 01 April 2018 with the effective transition date of 01 April 2017 and accordingly, these financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS 34 - 'Interim Financial Reporting'. Such transition has been carried out in line with the relevant exemptions provided under Ind AS 101 - 'First-time Adoption of Indian Accounting Standards' from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the Reserve Bank of India ("RBI") (collectively referred to as the "Previous GAAP").
These financial results for the current and previous periods may require adjustments due to any change in financial reporting requirements arising from new standards, modifications to the existing standards, guidelines issued by the Ministry of Corporate Affairs and RBI or any change in the use of one or more optional exemptions from full retrospective application of certain Ind AS permitted under Ind AS 101.

2] The standalone financial results have been reviewed by the Audit Committee in their meeting held on 30 January 2019 and approved by the Board of Directors of the Company in their meeting held on 31 January 2019.

3] The standalone financial results have been subjected to limited review by the statutory auditors of the Company as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The reports of the statutory auditors are unqualified.

4] The review report of the Statutory Auditors and financial results shall be filed with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) and shall be available on the Company's website www.magma.co.in or on the website of BSE (www.bseindia.com) or NSE (www.nseindia.com).

5] The Company's operating segments are established in the manner consistent with the components of the Company that are evaluated regularly by the Chief Operating Decision Maker as defined in Ind AS 108 - 'Operating Segments'. The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108.

6] As required by para 32 of Ind AS 101, net profit reconciliation between the figures reported under Previous GAAP and Ind AS is as under

(₹ in lacs)

	Particulars	Quarter ended	Year to Date	Year ended
		31 December 2017	31 December 2017	31 March 2018
		(Unaudited)	(Unaudited)	(Unaudited)
1	**Net profit as per Previous GAAP**	4,738.35	12,332.73	20,248.94
2	**Adjustments resulting in increase / (decrease) in profit after tax as reported under Previous GAAP :**			
	(a) Impact on application of Expected Credit Loss method for loan loss provisions	(748.34)	(4,226.22)	1,358.70
	(b) Impact on derecognition of loans sold under assignment transaction	(652.95)	(2,286.20)	(1,737.97)
	(c) Impact on recognition of financial assets and financial liabilities at amortised cost by application of effective interest rate method	(1,823.18)	(3,579.15)	(5,259.00)
	(d) Fair valuation of financial assets and liabilities carried through profit and loss	(81.52)	1,590.38	1,279.17
	(e) Merger of entities under common control	932.54	1,930.35	271.24
	(f) Others	55.53	165.69	72.20
	(g) Tax impact on above adjustments	1,223.46	6,729.91	3,889.26
3	**Net profit as per Ind AS (1+2)**	**3,643.89**	**12,657.49**	**20,122.54**
4	Other comprehensive income, net of taxes	(184.19)	62.88	4.79
5	**Total comprehensive income (3+4)**	**3,459.70**	**12,720.37**	**20,127.33**

7] During the previous year, the Central Government had passed a Confirmation Order dated 15 January 2018 pursuant to the provisions of Section 233 of the Companies Act, 2013 approving the merger of Magma Advisory Services Limited ('MASL'), a wholly owned subsidiary, with the Company with effect from 01 April 2017, being the Appointed date. By virtue of the said merger, Magma Housing Finance Limited ('MHFL') (a wholly owned subsidiary of MASL and step down subsidiary of the Company) had became a direct wholly owned subsidiary of the Company.

8] During the previous year, the Company had acquired 26% equity shares of Magma ITL Finance Limited ('MITL') from International Tractors Limited ('ITL') (Joint Venture Partner). Pursuant to the said acquisition, MITL became a wholly owned subsidiary of the Company.
Subsequently, the Board of Directors and Shareholders of the Company at their meeting held on 09 November 2017 and 17 February 2018 respectively, had approved the Scheme of Merger under Section 230 - 232 of the Companies Act, 2013 read with Section 233 and read with Rules made thereunder (the 'Scheme') for merger of MITL with the Company with effect from 01 October 2017, being the Appointed date as provided in the Scheme. The Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT), had vide its order dated 08 May 2018 approved the Scheme.
This being a common control business combination under Ind AS 103, the financial results in respect of prior periods have been restated as if the business combination had occurred from the beginning of the preceding period. Accordingly, the financial results for the nine month ended 31 December 2017 have been restated as if the business combination had occurred with effect from 01 April 2017. Had the Company accounted for the aforesaid Scheme with effect from 01 October 2017, the 'Other Equity' would have been lower by ₹ 2,482.94 lacs as at 01 April 2017 and the total comprehensive income for year-to-date period from 01 April 2017 to 31 December 2017 would have been lower by ₹ 5,096.45 lacs.
Further, the Company has recognized the relevant deferred tax adjustments in the nine month ended 31 December 2017 amounting to ₹ 2,758.17 lacs, in accordance with Ind AS 103 - 'Business Combinations' and Ind AS 12 - 'Income Taxes'.

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Statement of Standalone Unaudited Financial Results for the Quarter and Nine Month Period Ended 31 December 2018

9] During the quarter, the Nomination and Remuneration Committee through Resolution by Circulation passed on 8 November 2018 has allotted 15,000 equity shares of the face value of 2/-each to an erstwhile eligible employee 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 26,93,01,736 equity shares of ₹ 2/- each aggregating to ₹5,386 03 lacs The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect

10] The Shareholders at their Annual General Meeting held on 02 August 2018 approved the payment of equity dividend @40% i e ₹ 0 80 per equity share of ₹ 2/- each for the financial year 2017-18 The Company has accordingly paid the equity dividend (including taxes) aggregating to ₹ 2,597 11 lacs to the shareholders appearing as on record date

11] During the quarter ended 30 June 2018, the Company has allotted 3,22,58,064 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 26,92,86,736 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

12] During the quarter, the Company has subscribed to 51,38,889 equity shares of ₹ 10/- each at a price of ₹ 40/- each (including a premium of ₹ 30/- each) of Magma HDI General Insurance Company Limited, a Joint Venture Company aggregating ₹ 2,055 56 lacs on right issue basis and the shares have been allotted as fully paid up

13] Pursuant to the approval of the Board of Directors of the Company in their meeting held on 02 November 2018 and Management Committee of the Board on 15 January 2019, the Company has filed a Draft Shelf Prospectus with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 15 January 2019, for a public issue of 100 lacs secured redeemable non-convertible debentures ('NCD') of ₹ 1,000 each aggregating up to ₹ 1,00,000 lacs and received in principle approval on 23 January 2019 The NCDs will be issued in one or more tranches, on terms and conditions as set out in separate tranche prospectus(es) for each tranche issue

14] The listed Non Convertible Debentures of the Company as on 31 December 2018 are secured by exclusive charge on standard receivables of the Company and also by a subservient charge over certain immovable properties. The total asset cover is hundred percent or above of the principal amount of the said debentures

15] Previous year's / year-to-date period /quarter's figures have been regrouped and rearranged wherever necessary

By order of the Board
For Magma Fincorp Limited

Sanjay Chamria
Vice Chairman and Managing Director
DIN No 00009894

Place Mumbai
Dated 31 January 2019

Corporate Office Equinox Business Park, 2nd Floor, Tower 3, Off BKC, LBS Marg, Kurla West, Mumbai - 400 070
Registered Office Magma House, 24 Park Street, Kolkata - 700 016
Website : www magma co in; **CIN** L51504WB1978PLC031813
Phone: 033-4401 7200/350, **Fax:** 033-4402 7731, **E-mail:** shabnum zaman@magma co in

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MATERIAL DEVELOPMENTS

Other than as disclosed elsewhere in this Shelf Prospectus and hereinafter below, there have been no material developments which have taken place in the financial position or credit quality of our Company after September 30, 2018:

- Our Company has on November 8, 2018 allotted, 15,000 Equity Shares at ₹ 60 each pursuant to the MESOP.
- The Nomination and Remuneration Committee Meeting has allotted 22,500 Equity Shares at a price of ₹ 60 per share (including premium of ₹ 58 per share) to an erstwhile employee of the Company under Magma Employee Stock Option Plan 2007 on January 30 2019.
- The Board of Directors at its meeting held on January 31, 2019 has appointed Vijayalakshmi R Iyer as Additional Director in the capacity of Independent Director of the Company.
- The Board of Directors at its meeting held on January 31, 2019 has *inter alia* approved the Q3 Unaudited Financial Results of the Company for the quarter and nine months period ended December 31, 2018, which have been prepared in accordance with applicable Indian Accounting Standards (IND AS) as disclosed below:

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND INDAS

IND-AS No.	Particulars	Indian GAAP	IND-AS
IND-AS 1	Presentation of Financial Statements	**<u>Other Comprehensive Income ("OCI"):</u>** There is no concept of OCI under Indian GAAP.	**<u>Other Comprehensive Income:</u>** Ind-AS 1 introduces the concept of OCI. OCI comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other Ind-AS.
		<u>Extraordinary items:</u> Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	**<u>Extraordinary items:</u>** Under Ind-AS, presentation of any items of income or expense as extraordinary is prohibited.
		<u>Change in Accounting Policies:</u> Indian GAAP requires changes in accounting policies to be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	**<u>Change in Accounting Policies:</u>** Ind-AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
IND-AS 12	Deferred Taxes	Under Indian GAAP, the Company determines deferred tax to be recognized in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	As per Ind-AS 12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/ liabilities and their respective tax base. Using the balance sheet approach, there could be additional deferred tax charge/income on account of all Ind-AS opening balance sheet adjustments.
IND-AS 16	Property, Plant And Equipment – Reviewing Depreciation And Residual Value	Under Indian GAAP, the company currently provides depreciation on straight line method over the useful lives of the assets estimated by the management.	Ind-AS 16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively. Ind-AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind-AS

IND-AS No.	Particulars	Indian GAAP	IND-AS
IND-AS 40	Investment Property	Under Indian GAAP, investment properties are classified as long term investments and measured at cost.	Under Ind-AS 40, investment properties are measured using the cost model. Fair value model is not permitted. However, detailed disclosures pertaining to fair value is required.
IND-AS 19	Accounting for Employee benefits	Currently, under Indian GAAP the Company recognizes all short term and long term employee benefits in the profit and loss account as the services are received. For long term employee benefit, the Company uses actuarial valuation to determine the liability and all actuarial gains and losses are recognized immediately in the statement of profit and loss statement	Under Ind-AS 19, the change in liability is split into changes arising out of service, interest cost and re-measurements and the change in asset is split between interest income and re-measurements. Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re-measurements are to be recognized directly in OCI.
IND-AS 24	Related parties	Under Indian GAAP, the scope of related parties is limited	Under Ind-AS, the scope of related parties is extensive
IND-AS 27	Separate Financial Statements	Accounting for investments in subsidiaries is governed by Accounting Standard 13 depending on the classification of the investment as current or long term	Accounting for investments in subsidiaries is governed by Ind-AS 27 which gives an option to account the same at cost or in accordance with Ind-AS 109
IND-AS 32/ 107 / 109	Presentation and classification of Financial Instruments and subsequent measurement	Currently, under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value. Financial liabilities are carried at their transaction values. Disclosures under Indian GAAP are limited. Currently under Indian GAAP, interest subsidy is recognised when right to receive the payment is established and loan processing fees and/or fees of similar nature are recognized upfront in the Statement of Profit and Loss. Currently, the de-recognition of financial assets under securitization/assignment transactions are governed by RBI guidelines for NBFCs	Ind-AS 109 requires all financial assets and financial liabilities to be recognised on initial recognition at fair value. Financial assets have to be either classified as measured at amortized cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss, ("FVTPL"), or recognized in other comprehensive income ("FVOCI"). Financial assets include equity and debts investments, interest free deposits, loans, trade receivables etc. Assets classified at amortized cost and the related revenue (including interest subsidy, processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate ("EIR") method. Interest subsidy and loan processing fees and/or fees of similar nature would be measured and recognized using the EIR method over the period of loan. There are two measurement categories for financial liabilities – FVTPL and amortized cost. Liabilities classified at amortized cost and the related expenses (processing cost and fees) have to be measured using the EIR method.

IND-AS No.	Particulars	Indian GAAP	IND-AS
			Fair value adjustment on transition shall be adjusted against opening retained earnings on the date of transition. Disclosures under Ind-AS are extensive. Ind-AS 109 prescribes transfer of risk and rewards of ownership for de-recognition of financial assets
IND-AS 32/ 107 / 109	Financial Instruments Impairment	Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period, which in practice, is based on guidelines and prudential norms issued by the regulator, relevant information like past experience, financial position of the debtor, cash flows of the debtor etc. Loan assets are classified as per RBI Guidelines as standard/ sub-standard/ doubtful/ loss assets based on number of months overdue and provisions are made as per rates specified for each category.	The impairment model in Ind-AS is based on expected credit losses and it applies equally to debt instruments measured at amortized cost or FVOCI, lease receivables, contract assets within the scope of Ind-AS 15 (currently deferred) and certain written loan commitments and financial guarantee contracts. No such classification (standard/ sub-standard/ doubtful/ loss assets) is prescribed under Ind-AS.
IND-AS 110 IND-AS 110 IND-AS 110	Financial Instruments - Disclosure	Currently there are no detailed disclosure requirements for financial instruments. However, the ICAI has issued an announcement in December 2005 requiring the following disclosures to be made in respect of derivative instruments in the financial statements: • Category-wise quantitative data about derivative instruments that are outstanding at the balance sheet date; • The purpose, viz., hedging or speculation, for which such derivative instruments have been acquired; and • The foreign currency exposures that are not hedged by a derivative instrument or otherwise.	Requires disclosure of information about the nature and extent of risks arising from financial instruments: • qualitative disclosures about exposures to each type of risk and how those risks are managed; and • quantitative disclosures about exposures to each type of risk, separately for credit risk, liquidity risk and market risk (including sensitivity analysis).
IND-AS 37	Provisions, contingent liabilities and contingent assets	Under Indian GAAP, provisions are recognised only under a legal obligation. Also, discounting of provisions to present value is not permitted	Under Ind-AS, provisions are recognised for legal as well as constructive obligations. Ind-AS requires discounting the provisions to present value, if the effect of time value of money is material
IND-AS 102	Share based payments	Under Indian GAAP, company has an option to account for share based payments on the basis of intrinsic value or fair value. The company followed the intrinsic value method and gave a disclosure for the fair valuation.	Under Ind-AS, the share based payments have to be mandatorily accounted basis the fair value and the same has to be recorded in the statement of profit or loss over the vesting period. The fair valuation of the unvested options as on the transition date have to be adjusted against retained earnings.

FINANCIAL INDEBTEDNESS

Details of Secured Borrowings:

Our Company's borrowings (excluding IND AS adjustments) as on December 31, 2018 amount to ₹ 8,10,546.38 lakhs on a standalone basis, of which secured borrowings amounted to ₹ 5,90,208.26 lakhs on a standalone basis as on December 31, 2018. The details of the borrowings are set out below:

Term Loans from Banks:

(*₹ in lakhs*)

Sr. No.	Lender's Name	Date of disbursement	Amount Sanctioned	Amount outstanding as on December 31, 2018	Maturity date	Principal repayment schedule	Pre-payment penalty, if any	Security
1	Allahabad Bank	November 28, 2014	10,000.00	2,500.09	November 30, 2019	16 equal quarterly installments starting from the fifth quarter from the date of first disbursement	2.05% of the outstanding amount	Exclusive charge of the lease/hire purchase and hypothecation of receivables arising out of the assets financing against the loan
2	Andhra Bank	October 31, 2017	7,500.00	7,500.00	October 31, 2022	16 equal quarterly installments with holiday period of 12 months	-	Exclusive charge by way of hypothecation/ assignment of specific assets acquired/financed and/or to be acquired/to be financed out of the loan proceeds
3	Bank of Baroda	December 29, 2015	20,000.00	10,000.00	December 31, 2020	8 equal quarterly installments starting at the end of the 5th quarter from the date of 1st disbursement	2% of the prepaid amount. However, our Company may prepay the term loan without the payment of prepayment penalty within 30 days of the reset date after giving a notice of minimum period of 15 days from the reset date	Exclusive first charge over the lease/hire purchase and hypothecation receivables arising out of the assets financed against the loan
		September 28, 2016	30,000.00	20,625.00	September 27, 2021	16 equal quarterly installments starting at the end of the 5th quarter from the date of 1st disbursement	2% of the prepaid amount. However, our Company may prepay the term loan without the payment of prepayment penalty within 30 days of the reset date after giving a notice of minimum period of 15 days from the reset date	Exclusive first charge over the lease/hire purchase and hypothecation receivables arising out of the assets financed against the term loan
4	Bank of India	December 30, 2014	30,000.00	7,505.90	December 28, 2019	16 equated quarterly	Not applicable	Exclusive charge by way of hypothecation

Sr. No.	Lender's Name	Date of disbursement	Amount Sanctioned	Amount outstanding as on December 31, 2018	Maturity date	Principal repayment schedule	Pre-payment penalty, if any	Security
						installments commencing at the end of 5th quarter from the date of 1st disbursement		over the receivables arising out of the assets financed against the term loan
5	Bank of Maharashtra	June 30, 2016	10,000.00	10,000.00	June 30, 2023	18 equal monthly installments from the date of the 1st disbursement after an initial moratorium of 66 months	-	Unsecured
6	Catholic Syrian Bank Limited	March 18, 2017	2,500.00	2,031.25	March 31, 2022	16 equated quarterly installments commencing from the end of 12 months from the date of disbursement	-	Exclusive charge by way of hypothecation of receivables of specific loans, comprising principal outstanding, created out of the term loan
7	ICICI Bank Limited	June 29, 2016	7,500.00	4,411.77	June 29, 2021	17 quarterly installments, first being due at the end of 12 months from the first drawdown date	1% on the principal amount of the loan prepaid subject to 15 days prior written notice. However, our Company may prepay the term loan without the payment of prepayment penalty within 60 days of such increase in "Spread" provided that an irrevocable notice has been given by the Company to the Bank within 15 days of such increase in "Spread"	Exclusive charge by way of hypothecation over present and future receivables/ lease / hire purchase arising out of assets financed against the facility.
8	Indian Bank	June 20, 2017	10,000.00	8,750.00	June 19, 2022	16 quarterly installments with moratorium of one year from the date of first disbursement	2.30% of the outstanding balance/drawing limit (whichever is higher). However, our Company holds the right to prepay without payment of prepayment penalty within 30	Exclusive charge on the term loan receivables and underlying assets

Sr. No.	Lender's Name	Date of disbursement	Amount Sanctioned	Amount outstanding as on December 31, 2018	Maturity date	Principal repayment schedule	Pre-payment penalty, if any	Security
							days of the reset date after giving a notice of 15 days from the reset date	
9	Oriental Bank of Commerce	June 30, 2016	10,000.00	6,249.83	June 30, 2021	16 quarterly installments after a moratorium of 12 months from the date of first disbursement	-	Exclusive first charge by way of hypothecation/assignment of assets and assignment of entire rentals and installment receivables against such assets acquired/to be acquired out of the term loan
		September 26, 2017	20,000.00	18,749.66	September 25, 2022	16 quarterly installments after a moratorium of 12 months from the date of first disbursement	-	First exclusive charge on the assets purchased for lease/hire purchase and hypothecation of receivables arising out of the term loan
10	Punjab and Sind Bank	May 4, 2016	10,000.00	5,000.02	May 31, 2020	12 equal quarterly installments after a moratorium of 12 months from the date of disbursement with the first installment due at the end of the 5th quarter from the date of the first disbursement	-	Exclusive charge over a pool of lease/hire purchase and hypothecation receivables against the term loan
11	State Bank of India	February 26, 2016	10,000.00	5,000.00	December 31, 2020	16 quarterly installments after a moratorium of 12 months from the date of disbursement	2.00% of the amount prepaid for the residual period of the term loan. However, no prepayment penalty would be payable if the loan is prepaid from our Company's own sources/accruals	Exclusive charge over the entire receivables and the underlying assets arising out of financed by term loans of the Company both present and future
12	Syndicate Bank	September 23, 2016	20,000.00	12,500.00	September 22, 2021	16 quarterly installments starting at the end of the 5th quarter from the date of first disbursement	Normal applicable prepayment penalty Further, no prepayment penalty would be	Exclusive charge over a pool of lease/hire purchase and hypothecation receivables against the term loan
		December 31, 2018	50,000.00	50,000.00	December 31, 2023			

Sr. No.	Lender's Name	Date of disbursement	Amount Sanctioned	Amount outstanding as on December 31, 2018	Maturity date	Principal repayment schedule	Pre-payment penalty, if any	Security
							payable if our Company is not agreeable with the rest terms, with 15 days' notice period.	
13	United Bank of India	December 29, 2015	17,000.00	8,500.00	December 28, 2020	16 quarterly instalments commencing from March 31, 2017	1% of the amount pre-paid	*Primary*: Exclusive charge by way of hypothecation over a pool of lease/hire purchase and hypothecation receivables against the term loan
14	Vijaya Bank	June 30, 2014	20,000.00	4,000.00	December 30, 2019	20 equal quarterly installments after an initial moratorium of 6 months from the date of disbursement	-	Exclusive first charge by way of hypothecation over specific assets to be acquired/to be financed out of the term loan proceeds and charge over the entire rentals/installments receivable of specific assets for operating lease, lease rentals and hire purchase/loan installments for assets acquired/financed and/or to be financed out of the proceeds of the term loan
15	HDFC Bank Limited	-	150.00	103.28	January 5, 2019 till December 5, 2022	48 equal monthly instalments	5% if repaid within 13-24 months and 3% post 24 months of 1st EMI	Hypothecation of Car purchased under Car Loan
	Total		**284,650.00**	**183,426.80**				

Term Loans from Others:

(₹ in lakhs)

Sr. No.	Lender's Name	Date of Commissioning	Amount Sanctioned	Amount outstanding as on December 31, 2018	Maturity Date	Repayment schedule	Pre-payment penalty, if any
1	Indian Renewable Energy Development Agency Limited ("**IREDA**")	September 30, 2008	1,222.00	61.10	June 30, 2019	Ten years in 40 equal quarterly installments commencing after one year from the date of commissioning	If for any reason, our Company is required to prepay any loan, it shall make proportionate prepayment to IREDA as well as subject to such conditions as may be stipulated by IREDA
	Total		**1,222.00**	**61.10**			

Security: *The term loan availed from IREDA is secured by way of: (a) an exclusive first charge by way of mortgage in favour of IREDA on all of our Company's immovable properties/assets both existing and future pertaining to the project for which the loan was availed; (b) exclusive first charge by way of hypothecation in favour of IREDA of all of our Company's movable assets/properties both existing and future pertaining to the project for which the loan was availed; (c) personal guarantee of Mayank Poddar, our Chairman and Promoter; (d) post-dated cheques towards the payment of installments of the principal loan amount in accordance with the repayment schedule of the term loan and for payment of installments of interest payable thereon; (e) maintenance of a trust and retention account; (f) furnishing a bank guarantee for an amount of ₹122.00 lakhs for the full repayment period of the term loan, in addition to the two quarter debt service reserve money required to be maintained in the trust and retention account; and (g) charge over the assets of a previous windmill project of our Company.*

Fund based working capital facilities

Cash Credit facilities from Banks (with other facilities as sub-limits):

(₹ in lakhs)

Sr. No.	Particulars	Date of sanction/ last renewal	Amount Sanctioned	Amount outstanding as on December 31, 2018	Validity period	Security
1.	Andhra Bank	April 21, 2018	20,000.00	17,953.71	Annual Renewal and Repayable on demand	First *pari passu* charge by way of hypothecation of assets to be leased out by our Company from the bank's fund. The lease rental receivables in respect of the above assets (present and future) are hypothecated to the bank. The charge ranks *pari passu* with the consortium banks
			(15,000.00) (working capital demand loan as a sub-limit to the cash credit facility)	-		
2.	Axis Bank Limited	August 6, 2018	20,000.00	1,099.71	Annual Renewal and Repayable on demand	Hypothecation of loan assets and hypothecation/ assignment of receivables arising out of the loan assets financed by the members of WC consortium, on pari-passu basis.
			(20,000.00) (working capital demand loan as a sub-limit to the cash credit facility)	-	Annual Renewal and Repayable at end of tenor of each drawal	
			(20,000.00) (foreign currency denominated loan as a sub-limit to the cash credit facility)	-	Annual Renewal and Repayable at end of tenor of each drawal	
			(5,000.00) (import letter of credit as a sub-limit to the cash credit facility)	-	One year	
			(4,000.00) (liquidity facility as a sub-limit to the cash credit facility)	-	Till maturity of individual pool/trust or clean up Call	
3.	Bank of Baroda	December 7, 2017	40,000.00	3,878.32	Annual Renewal and Repayable on demand	Hypothecation of our Company's current finance/hire purchase/lease assets, present and future, stock of equipment, plant machinery, spare parts etc., future rental income there from and debtors arising out of HP/lease agreement on a *pari passu* basis Additionally collateral security has been provided by our Company*
			(40,000.00) (working capital demand loan as a sub-limit to the cash credit facility)	35,000.00		
4.	Bank of India	December 3, 2018	43,300.00	19,145.64	Annual Renewal and Repayable on demand	Primary: First *pari passu* charge by of hypothecation of receivables of our Company, excluding receivables exclusively charged to other lenders Collateral: Joint equitable mortgage on a first *pari passu* basis with other consortium banks over a building of our Company in New Delhi
			(43,300.00) (working capital demand loan as a sub-limit to the cash credit facility)	-		
5.	Central Bank of	June 6, 2018	22,500.00	10.75		

Sr. No.	Particulars	Date of sanction/ last renewal	Amount Sanctioned	Amount outstanding as on December 31, 2018	Validity period	Security
	India		(10,000.00) (working capital demand loan as a sub-limit to the cash credit facility)	-	Annual renewal and repayable on demand	*Primary:* First pari passu charge (with the consortium members) by way of hypothecation of the entire receivables (lease rentals and hire purchase/loan installments) against such assets except those financed by way of other loans from banks or financial institutions against specific assets *Collateral*: First *pari passu* charge over the immovable property of a building of our Company in New Delhi
6.	Corporation Bank	February 2, 2018	22,500.00 (22,500.00) (working capital demand loan as a sub-limit to the cash credit facility)	22,335.93 -	Annual renewal and repayable on demand	Hypothecation charge on pari-passu basis (both present and future) with consortium banks over the company's current assets covered by stock on hire/purchase agreements/books debts/lease assets and relative rentals (excluding specific assets financed exclusively by financial institutions/banks/as against debentures) issued by Company
7.	Dena Bank	July 28, 2017	17500.00 (17500.00) (working capital demand loan as a sub-limit to the cash credit facility)	17,390.74 -	Annual renewal and repayable on demand	*Primary*: Hypothecation of all assets covered by hire purchase lease agreements together with the resultant receivables on a *pari passu* basis with other members of the consortium together with the lease assets including the assets on operating lease and the receivables arising out of the said lease. Collateral: Equitable mortgage over a building of our Company in New Delhi and the underlying land on a *pari passu* basis with other banks in the consortium
8.	ICICI Bank Limited	October 5, 2018	13,500.00 (13,500.00) (working capital demand loan as a sub-limit to the cash credit facility)	1,457.43 -	Validity period of drawls upto September 19, 2019 and repayable on demand	Joint hypothecation charge over the leased / hire assets, present and future, on a first *pari passu* basis with the members of the Consortium and the assignment of lease rentals receivable from leased assets, stock hired out and book debts (existing and future), on a first *pari passu* basis with the members of the Consortium. Equitable mortgage of the property of our Company located in New Delhi
9.	Indian Bank	November 14, 2018	18,000.00 (18,000.00) (short term loan as a sub-limit of the cash credit facility availed)	795.40 15,000.00	Annual renewal and repayable on demand	*Primary*: *Pari passu* first charge on stock on HP and outstanding credit under lease agreement (net of unmatured finance charges) *Collateral*: (a) *Pari passu* first charge on all current assets of our Company, present and future; and (b) *pari passu* first charge on a

Sr. No.	Particulars	Date of sanction/ last renewal	Amount Sanctioned	Amount outstanding as on December 31, 2018	Validity period	Security
						property of our Company in New Delhi
10	IDBI Bank Limited	September 26, 2018	20,000.00	77.63	Valid till September 11, 2019 and repayable on demand	*Primary*: Joint hypothecation charge by way of hypothecation over the assets acquired/to acquired out of the facility and the entire receivables and other current assets ranking *pari passu* with other members of the Consortium *Collateral*: Equitable mortgage on a *pari passu* basis with other working capital lenders in the Consortium of a property of our Company located in New Delhi
			(10,000.00) (working capital demand loan as a sub-limit to the cash credit facility)	5,000.00		
			(2500.00) (bank guarantee as a sub-limit to the cash credit facility)	-	Maximum of three years	
11	Indian Overseas Bank	August 24, 2017	23,850.00	2,319.96	Annual renewal and repayable on demand	Joint hypothecation charge over assets acquired/to be acquired out of the facility and entire receivables and other current assets of our Company (apart from those exclusively charged to other lenders) ranking first *pari passu* charge with other members of the Consortium
			(20,000.00) (working capital demand loan as a sub-limit to the cash credit facility)	20,000.00		
12	Oriental Bank of Commerce	December 17, 2018	30,000.00	22,933.66	Annual renewal and repayable on demand	Hypothecation of leased/hire purchased assets and resultant receivables and other current assets on a *pari passu* basis with other members of the Consortium
			(27,500.00) (working capital demand loan as a sub-limit to the cash credit facility)	-		
13	Punjab National Bank	November 16, 2018	75,000.00	13,771.95	Annual renewal and repayable on demand	Joint hypothecation charge over assets acquired/to be acquired out of the facility and entire receivables and other current assets ranking *pari passu* with other members of the Consortium
			(60,000.00) (working capital demand loan as a sub-limit to the cash credit facility)	60,000.00		
14	State Bank of India	December 5, 2018	125,000.00	3,339.15	Annual renewal and repayment on demand.	*Primary*: Hypothecation of all assets covered by hire purchase and lease agreements (Including operating lease) together with the resultant hire purchase and lease receivables on pari-passu basis with other member Banks in consortium. *Collateral*: Equitable mortgage on a *pari passu* basis with other working capital lenders in the Consortium of a property of our Company located in New Delhi
			(125,000.00) (working capital demand loan as a sub-limit to the cash credit facility)	40,000.00		
15	Syndicate Bank	November 26, 2018	25,000.00	24,729.10	Valid till October 31, 2019 and repayable on demand	*Primary*: *Pari passu* first charge by way of hypothecation of assets leased out/to be leased out by our Company and lease rentals receivables in respect of the leased assets, present and future with other members of the Consortium
			(20,000.00) (working capital demand loan as a sub-limit to the cash credit facility)	-		

Sr. No.	Particulars	Date of sanction/ last renewal	Amount Sanctioned	Amount outstanding as on December 31, 2018	Validity period	Security
						Collateral: *Pari passu* first charge on a property of our Company located in New Delhi
16.	UCO Bank	June 8, 2017	32,500.00	1,659.90	Annual renewal and repayment on demand.	*Primary*: Joint hypothecation charge on all leased and hire purchased assets (on hire and on lease) of our Company acquired or to be acquired from time to time, except those financed by financial institutions, ranking *pari passu* with the members of the Consortium. Also, assignment of rentals/hire purchase installments receivables as well as other types of accruals arising from lease/HP agreements entered into by our Company ranking *pari passu* with other members of the Consortium. Further the original lease/HP agreement executed by the hirer in favour of our Company is to be endorsed to UCO Bank as security. *Collateral*: Mortgage over a property of our Company located in New Delhi
			(25,000.00) (working capital demand loan as a sub-limit to the cash credit facility)	25,000.00		
17.	Union Bank of India	December 31, 2018	20,000.00	17,416.14	Annual renewal and repayable on demand	Primary: Pari *passu* first charge on all hypothecated assets and leased assets *Collateral*: Equitable mortgage of a property of our Company in New Delhi on a *pari passu* first charge basis with the other members of the Consortium
			(17,500.00) (working capital demand loan as a sub-limit to the cash credit facility)	-		
18.	United Bank of India	July 13, 2018	5,000.00	4,905.24	Annual renewal and repayment on demand	*Primary*: First *pari passu* charge by way of hypothecation of receivables with underlying assets (present or future) except receivables charged exclusively to other lenders for which our Company had obtained an NOC for exclusion. The charge would be shared on a *pari passu* basis with other members of the Consortium *Collateral*: Joint hypothecation of current assets on a *pari passu* basis with other members of the Consortium
	Total		**5,73,650.00**	**3,75,220.36**		

** Collateral security of equitable mortgage over a building of our Company in New Delhi applicable for all working capital banks*

Non-Fund Based Facilities from banks:

(₹ in lakhs)

Sr. No.	Particulars	Facility	Date of sanction/ last renewal	Amount Sanctioned	Amount outstanding as on December 31, 2018	Validity period/tenor of guarantee	Security
1.	Axis Bank	Bank guarantee	August 6, 2018	(7,500.00) (as a sub-limit to the cash	2,183.60	Up to 54 months inclusive of claim period	Extension of pari passu hypothecation charge on current assets of the

Sr. No.	Particulars	Facility	Date of sanction/ last renewal	Amount Sanctioned	Amount outstanding as on December 31, 2018	Validity period/tenor of guarantee	Security
				credit facility availed from Axis Bank)			company
2	Corporation Bank	Bank guarantee	February 2, 2018	23.00	22.50	Validity period: Upto February 6, 2019 Maximum tenor of bank guarantee: Five years (including claim period, if any)	Extension of pari passu hypothecation charge on current assets of the company
3	ICICI Bank Limited	Bank guarantee	October 5, 2018	8,500.00	8,499.05	Validity period: Up to September 19, 2019 Maximum tenor of bank guarantee: Five years (including claim period, if any)	Joint hypothecation charge over the leased /hire assets, present and future, on a first *pari passu* basis with the members of the Consortium and the assignment of lease rentals receivable from leased assets, stock hired out and book debts (existing and future), on a first *pari passu* basis with the members of the Consortium. Equitable mortgage of the property of our Company located in New Delhi
		Bank guarantee		(5,000.00) (as a sub-limit to the cash credit facility availed from ICICI Bank Limited)	4,207.06	Validity period: Up to September 19, 2019 Maximum tenor of bank guarantee: Three years (including claim period, if any)	
		Bank guarantee		(500.00) (as a sub-limit to the letter of credit facility availed from ICICI Bank Limited mentioned below)	-	Validity period: Up to September 19, 2019 Maximum tenor of bank guarantee: Three years (including claim period, if any)	
		Bank guarantee		(5,000.00) (as a sub-limit to the cash credit facility availed from ICICI Bank Limited)	-	Validity period: Up to September 19, 2019 Maximum tenor of bank guarantee: Five years (including claim period, if any)	
		Letter of credit		500.00 (2,000.00) (as a sub-limit to the cash credit facility availed from ICICI Bank Limited)	-	Validity period: Up to September 19, 2019 Usance/tenor: Maximum of one year from the date of shipment/ dispatch	
4	IDBI Bank Limited	Bank guarantee	September 26, 2018	(2,500.00) (as a sub-limit to the cash credit facility availed from IDBI Bank Limited)	-	Tenure not to exceed three years, including a claim period of three months	*Primary*: Joint hypothecation charge by way of hypothecation over the assets acquired/to acquired out of the facility and the entire receivables and other current assets ranking *pari passu* with

Sr. No.	Particulars	Facility	Date of sanction/ last renewal	Amount Sanctioned	Amount outstanding as on December 31, 2018	Validity period/tenor of guarantee	Security
							other members of the Consortium *Collateral*: Equitable mortgage on a *pari passu* basis with other working capital lenders in the Consortium of a property of our Company located in New Delhi
5	Oriental Bank of Commerce	Bank guarantee	December 17, 2018	5,000.00	4,191.40	One year	Extension of current charge on the current assets of our Company and counter-guarantee of our Company
6	Punjab National Bank	Bank guarantee	November 16, 2018	12,500.00	12,112.39	Tenure: Upto five years excluding claim period	Inland letter of credit: DP/DA bills with usance up to 180 days accompanied by invoice related to sale of cars/commercial vehicles and bill of exchange duly accepted by our Company Foreign letter of credit: DA/DP bills with usance period upto 180 days accompanied by shipping documents covering consignment of imported assets Bank guarantee: Counter-guarantee by our Company
7	Union Bank of India	Bank guarantee /bank guarantee for second loss credit facility	December 31, 2018	7,500.00	7,488.72	Upto 54 months	Counter-indemnity and lien on deposits
8	United Bank of India	Bank guarantee	July 13, 2018	935.00	-	Five years	Exclusive charge on lease/ hire purchase, hypothecation of receivables arising out of term loan, eligible for classification under priority sector lending. Minimum asset coverage of 117.65% (margin 15%) made available to the Bank. Post dated cheques for the principal amount made available with the Bank
Total				**34,958.00**	**38,704.71***		

* *This represents contingent liability and does not form part of borrowings.*

Credit facilities sanctioned but not disbursed

As on December 31, 2018, our Company has not been sanctioned term loans and working capital facilities which have not been disbursed.

Secured Non-Convertible Debentures as on December 31, 2018

Our Company has issued secured redeemable non-convertible debenture of face value of ₹10 lakhs each on a private placement basis for debt issued from January 2017 to August 2017 and face value of ₹1 crores each on private placement basis for debt issue on March 2018 of which ₹41,500.00 lakhs is outstanding as on December 31, 2018, the details of which are set forth below. Redemption date represents actual maturity date and does not consider call/put option:

(₹ in lakhs)

Sr No	Debenture Series	Tenor/ Period of Maturity	Coupon	Amount as on December 31, 2018	Date of Allotment	Redemption on Date/ Schedule	Credit Rating	Security
1	NNN	1823 Days	9.55%	500.00	January 10, 2017	January 7, 2022	CARE AA-	1 time
2	OOO	7 Years	9%	5,000.00	February 13, 2017	February 13, 2024	CARE AA-	1 time
3	PPP	7 Years	9%	5,000.00	April 06, 2017	April 6, 2024	CARE AA-	1 time
4	QQQ	731 Days	8.99%	500.00	August 18, 2017	August 19, 2019	ICRA AA-	1 time
5	QQQ	731 Days	8.99%	2,100.00	August 18, 2017	August 19, 2019	ICRA AA-	1 time
6	QQQ	731 Days	8.99%	1,000.00	August 18, 2017	August 19, 2019	ICRA AA-	1 time
7	QQQ	731 Days	8.99%	900.00	August 18, 2017	August 19, 2019	ICRA AA-	1 time
8	QQQ	731 Days	8.99%	1,000.00	August 18, 2017	August 19, 2019	ICRA AA-	1 time
9	QQQ	731 Days	8.99%	500.00	August 18, 2017	August 19, 2019	ICRA AA-	1 time
10	RRR	551 Days	8.74%	5,000.00	August 24, 2017	February 26, 2019	ICRA AA-	1 time
11	SSS	3 Years	10.05%	10,000.00	March 27, 2018 (fully paid-up on June 15, 2018)	March 26, 2021	IND AA-	1 time
12	SSS	3 Years	10.05%	10,000.00	March 27, 2018 (fully paid-up on June 15, 2018)	March 26, 2021	IND AA-	1 time
	Total			41,500.00				

Unsecured Subordinated Tier II Bonds

Our Company has issued unsecured subordinated debts of face value of ₹ 10 lakh each on a private placement basis of which ₹ 61,530.00 lakhs is outstanding as on December 31, 2018, the details of which are set forth below:

(₹ in lakhs)

Sr. No.	Lender Name (in case of Facility)/ Instrument Name	Amount Sanctioned/ Issued	Principal Amount Outstanding (as on December 31, 2018)	Repayment Date/ Schedule	Credit Rating
1.	Food Corporation of India CPF Trust	1,300.00	1,300.00	March 30, 2019	CARE AA- / BWR AA
2.	Air- India Employees Provident Fund	1,200.00	1,200.00	March 30, 2019	CARE AA- / BWR AA
3.	Chance Investment and Trading Co. Private Limited	30.00	30.00	March 30, 2019	CARE AA- / BWR AA
4.	Bank of Baroda	1,000.00	1,000.00	September 6, 2022	CARE AA- / BWR AA
5.	Food Corporation of India CPF Trust	700.00	700.00	September 6, 2022	CARE AA- / BWR AA
6.	Chhattisgarh State Electricity Board (CSEB) Provident Fund Trust	300.00	300.00	September 6, 2022	CARE AA- / BWR AA
7.	Rajasthan Rajya Vidyut Karamchari Contributory Provident Fund	100.00	100.00	September 6, 2022	CARE AA- / BWR AA
8.	Rajasthan Rajya Vidyut Karamchari General Provident Fund	200.00	200.00	September 6, 2022	CARE AA- / BWR AA
9.	Rajasthan Rajya Vidyut Karamchari Superannuation Fund	200.00	200.00	September 6, 2022	CARE AA- / BWR AA
10.	Gujarat Housing Board Pension Fund Trust	1,000.00	1,000.00	January 17, 2023	CARE AA- / BWR AA
11.	Syndicate Bank	1,500.00	1,500.00	January 17, 2020	CARE AA-
12.	Bank of Maharashtra	1,000.00	1,000.00	March 11, 2020	CARE AA- / BWR AA
13.	Punjab Sind Bank	1,500.00	1,500.00	March 11, 2020	CARE AA- / BWR AA
14.	Allahabad Bank	2,000.00	2,000.00	March 11, 2020	CARE AA- / BWR AA
15.	Syndicate Bank	1,000.00	1,000.00	March 11, 2020	CARE AA- / BWR AA
16.	Bank of India	5,000.00	5,000.00	March 19, 2020	CARE AA- / BWR AA
17.	Rajasthan Rajya Vidyut Karamchari Gratuity Trust	700.00	700.00	March 19, 2020	CARE AA- / BWR AA
18.	Rajasthan Rajya Vidyut Karamchari Superannuation Fund	300.00	300.00	March 19, 2020	CARE AA- / BWR AA

Sr. No.	Lender Name (in case of Facility)/ Instrument Name	Amount Sanctioned/ Issued	Principal Amount Outstanding (as on December 31, 2018)	Repayment Date/ Schedule	Credit Rating
19.	Bangiya Gramin Vikash Bank	4,800.00	4,800.00	April 21, 2023	CARE AA- / BWR AA
20.	Bangiya Gramin Vikash Bank	1,400.00	1,400.00	September 26, 2023	CARE AA- / BWR AA
21.	Prathma Bank	1,000.00	1,000.00	April 28, 2021	CARE AA-
22.	Bank of Maharashtra	500.00	500.00	April 28, 2021	CARE AA-
23.	International Finance Corporation	21,500.00	21,500.00	June 30, 2021	CARE AA-
24.	Air India Employees Provident Fund	1,000.00	1,000.00	December 7, 2026	SMERA AA / BWR AA
25.	HVPNL Employees Pension Fund Trust	2,500.00	2,500.00	December 7, 2026	SMERA AA / BWR AA
26.	Secretary Board of Trustees MPEB Employees Provident Fund	1,000.00	1,000.00	September 14, 2022	SMERA AA / BWR AA
27.	RSRTC CPF Trust	300.00	300.00	September 28, 2022	SMERA AA / BWR AA
28.	Andhra Bank	500.00	500.00	October 3, 2022	SMERA AA / BWR AA
29.	Warren Staff Provident Fund	20.00	20.00	January 6, 2027	SMERA AA / BWR AA
30.	Birla Education Trust Employees Provident Fund	30.00	30.00	January 6, 2027	SMERA AA / BWR AA
31.	Punjab State Warehousing Corporation Employee Provident Fund	100.00	100.00	January 6, 2027	SMERA AA / BWR AA
32.	HVPNL Employees Pension Fund Trust	970.00	970.00	January 6, 2027	SMERA AA / BWR AA
33.	HVPNL Employees Provident Fund Trust	100.00	100.00	January 6, 2027	SMERA AA / BWR AA
34.	Bally Jute Mills Employees Provident Fund Trust	10.00	10.00	January 6, 2027	SMERA AA / BWR AA
35.	Khaitan Provident Fund	10.00	10.00	January 6, 2027	SMERA AA / BWR AA
36.	UHBVNL Employees Provident Fund Trust	240.00	240.00	January 6, 2027	SMERA AA / BWR AA
37.	The Ganges MFG Co Limited Mill Workers Provident Fund	20.00	20.00	January 6, 2027	SMERA AA / BWR AA
38.	The Indian Iron And Steel Company Limited Works Provident Fund	200.00	200.00	October 6, 2022	SMERA AA / BWR AA
39.	The Indian Iron And Steel Co Ltd Provident Institution	300.00	300.00	October 6, 2022	SMERA AA / BWR AA
40.	HVPNL Employees Pension Fund Trust	2,500.00	2,500.00	January 22, 2027	SMERA AA / BWR AA
41.	Air India Employee Provident Fund	1,500.00	1,500.00	March 3, 2027	SMERA AA / BWR AA
42.	HPGCL Employees Pension Fund Trust	1,000.00	1,000.00	May 18, 2027	SMERA AA / BWR AA
43.	Board of Trustees M.S.R.T.C Gratuity Fund	500.00	500.00	June 6, 2025	SMERA AA / BWR AA
44.	Board of Trustees For Bokaro Steel Employees Provident Fund	500.00	500.00	March 28, 2028	SMERA AA / BWR AA
	Total	61,530.00	61,530.00		

Perpetual debt instruments

Our Company has issued unsecured subordinated perpetual debts instruments of face value of ₹ 5 lakhs and ₹10 lakhs each on a private placement basis of which ₹ 13,410.00 lakhs is outstanding as on December 31, 2018, the details of which are set forth below:

(₹ in lakhs)

Sr. No.	Party Name (in case of Facility)/ Instrument Name	Amount Sanctioned/ Issued	Principal Amount Outstanding	Repayment Date/ Schedule	Credit Rating	Unsecured/ Secured
1.	Trustees Central Bank of India Employees' Pension Fund	1,000.00	1,000.00	Perpetual	CARE A+ / BWR AA-	Unsecured
2.	Trustees Central Bank of India Employees' Pension Fund	1,000.00	1,000.00	Perpetual	CARE A+ / BWR AA-	Unsecured
3.	Trustees Central Bank of India Employees Provident Fund	1,000.00	1,000.00	Perpetual	CARE A+ / BWR AA-	Unsecured
4.	Shamyak Investment Private Limited	500.00	500.00	Perpetual	CARE A+ / BWR AA-	Unsecured

Sr. No.	Party Name (in case of Facility)/ Instrument Name	Amount Sanctioned/ Issued	Principal Amount Outstanding	Repayment Date/ Schedule	Credit Rating	Unsecured/ Secured
5.	Enam Securities Private Limited	500.00	500.00	Perpetual	CARE A+ / BWR AA-	Unsecured
6.	Blue Diamond Properties Private Limited	1,500.00	1,500.00	Perpetual	CARE A+ / BWR AA-	Unsecured
7.	Sanjay Kumar Maheshka	50.00	50.00	Perpetual	CARE A+ / BWR AA-	Unsecured
8.	Satishchandra Pundalik Shenoy	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
9.	Jyoti Kala Agrawal	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
10.	Maya Shirish Multani	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
11.	Shreeji Kripa Charitable Trust	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
12.	Rajasthan Rajya Vidyut Karamchari Gratuity Trust	200.00	200.00	Perpetual	CARE A+ / BWR AA-	Unsecured
13.	Rajasthan Rajya Vidyut Karamchari Superannuation Fund	600.00	600.00	Perpetual	CARE A+ / BWR AA-	Unsecured
14.	Rajasthan Rajya Vidyut Pensioners Medical Concession Fund	100.00	100.00	Perpetual	CARE A+ / BWR AA-	Unsecured
15.	Saloni Diwan	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
16.	Meenakshi Sundareshwaran	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
17.	K S Sundareshwaran	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
18.	Mita Debasis Mitraroy	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
19.	Radhakrishnan B	15.00	15.00	Perpetual	CARE A+ / BWR AA-	Unsecured
20.	Salim Chaudhary	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
21.	Rameshwara Jute Mills Workers Provident Fund Trust	30.00	30.00	Perpetual	CARE A+ / BWR AA-	Unsecured
22.	Lavanya Sankaran	150.00	150.00	Perpetual	CARE A+ / BWR AA-	Unsecured
23.	Dinesh Chandrashankar Vyas	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
24.	Shankar Saraswathi	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
25.	Srichand Muralidhar	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
26.	Amrut Diwakar Naik	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
27.	Vadalia Kiran Anantray	15.00	15.00	Perpetual	CARE A+ / BWR AA-	Unsecured
28.	Keki Homi Daroga	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
29.	Indira Nagarajan	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
30.	Shaila Dipak Kothari	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
31.	Pankaj Nandkishore Agarwal	40.00	40.00	Perpetual	CARE A+ / BWR AA-	Unsecured
32.	Shruti Sharma	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
33.	Dhanesh Baldev Raheja	65.00	65.00	Perpetual	CARE A+ / BWR AA-	Unsecured
34.	Dhanesh Raheja	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
35.	Vaibhav Dhanesh Raheja	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
36.	Aruna V Ambani	15.00	15.00	Perpetual	CARE A+ / BWR AA-	Unsecured
37.	Aristocrat Finance And Leasing Company Private Limited	15.00	15.00	Perpetual	CARE A+ / BWR AA-	Unsecured
38.	Ramakant Ganpatrao Patwardhan	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
39.	Blazia Cecilia Dsouza	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
40.	Manjari Devang Shah	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
41.	Hemendra K Shah	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
42.	Saiyid Shahid Abbas Jafari	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
43.	Ashok K Murthy	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
44.	Venkata Subba Rao Mangipudi	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
45.	Satish Chandra Mehta	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
46.	T R Chandrasekaran	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
47.	Yashasri Sadagopan	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
48.	Nirav R Gandhi HUF	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
49.	Vivek Hinduja	50.00	50.00	Perpetual	CARE A+ / BWR AA-	Unsecured

Sr. No.	Party Name (in case of Facility)/ Instrument Name	Amount Sanctioned/ Issued	Principal Amount Outstanding	Repayment Date/ Schedule	Credit Rating	Unsecured/ Secured
50.	Viratech Software and Data Systems Private Limited	255.00	255.00	Perpetual	CARE A+ / BWR AA-	Unsecured
51.	Eastern Dooars Employees Gratuity Fund	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
52.	Bijni Dooars Employees Gratuity Fund	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
53.	Adi Homi Magra	20.00	20.00	Perpetual	CARE A+ / BWR AA-	Unsecured
54.	Sheetal Paras Shah	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
55.	Priyanshi Ajaykumar Malpani	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
56.	Ajay Gulabchand Malpani	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
57.	Nirmala Ajay Malpani	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
58.	T. B. Hunnur (H.U.F.) .	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
59.	Manjula Tulasigirish Hunnur	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
60.	Heena Pankaj Ajmera	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
61.	Pankaj Kantilal Ajmera	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
62.	Anupam Bidasaria	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
63.	Viratech Infomedia Private Limited	145.00	145.00	Perpetual	CARE A+ / BWR AA-	Unsecured
64.	Stationy Solutions Private Limited	50.00	50.00	Perpetual	CARE A+ / BWR AA-	Unsecured
65.	Suresh Raheja-HUF	15.00	15.00	Perpetual	CARE A+ / BWR AA-	Unsecured
66.	Sunrise Industrial Traders Ltd Stock-Trade Ac	160.00	160.00	Perpetual	CARE A+ / BWR AA-	Unsecured
67.	Dinesh Kumar	150.00	150.00	Perpetual	CARE A+ / BWR AA-	Unsecured
68.	Rita Roy Choudhury	10.00	10.00	Perpetual	CARE A+ / BWR AA-	Unsecured
69.	Akshay Kumar Bhatia	100.00	100.00	Perpetual	CARE A+ / BWR AA-	Unsecured
70.	Gowri Pranesh	15.00	15.00	Perpetual	CARE A+ / BWR AA-	Unsecured
71.	Swaminathan Shankar	5.00	5.00	Perpetual	CARE A+ / BWR AA-	Unsecured
72.	Rajasthan Rajya Vidyut Karamchari Superannuation Fund	2,500.00	2,500.00	Perpetual	CARE A+ / BWR AA-	Unsecured
73.	Pushpa Anupam Thakkar	5.00	5.00	Perpetual	CARE A+	Unsecured
74.	Resham Rajendra Rumde	5.00	5.00	Perpetual	CARE A+	Unsecured
75.	Indian Register of Shipping Staff Provident Fund	85.00	85.00	Perpetual	CARE A+	Unsecured
76.	Viratech Software And Data Systems Private Limited	50.00	50.00	Perpetual	CARE A+	Unsecured
77.	Satish H Kulkarni HUF	5.00	5.00	Perpetual	CARE A+	Unsecured
78.	Access India Consultants Private Limited	50.00	50.00	Perpetual	CARE A+	Unsecured
79.	Manik Ashok Sabnis	5.00	5.00	Perpetual	CARE A+	Unsecured
80.	Freyan J Desai	65.00	65.00	Perpetual	CARE A+	Unsecured
81.	Pradeep Shanker Mathur	5.00	5.00	Perpetual	CARE A+	Unsecured
82.	Pradeep Shanker Mathur	5.00	5.00	Perpetual	CARE A+	Unsecured
83.	Suresh Sharma	5.00	5.00	Perpetual	CARE A+	Unsecured
84.	Girish Chander Agarwal	5.00	5.00	Perpetual	CARE A+	Unsecured
85.	Virendra Kumar Aggarwal	5.00	5.00	Perpetual	CARE A+	Unsecured
86.	Pushpa Lata	10.00	10.00	Perpetual	CARE A+	Unsecured
87.	Jupiter Stock Brokers Limited	20.00	20.00	Perpetual	CARE A+	Unsecured
88.	Indian Register Of Shipping Staff Provident Fund	230.00	230.00	Perpetual	CARE A+	Unsecured
89.	Ashok Rajguru	30.00	30.00	Perpetual	CARE A+	Unsecured
90.	Priyanka Narottam Swami	5.00	5.00	Perpetual	CARE A+	Unsecured
91.	Asha Babasaheb Chougule	10.00	10.00	Perpetual	CARE A+	Unsecured
92.	Abha Uday Nadkarni	5.00	5.00	Perpetual	CARE A+	Unsecured
93.	Kirti Venkatesh Tavargiri	10.00	10.00	Perpetual	CARE A+	Unsecured
94.	Luthra Nitash Desai	20.00	20.00	Perpetual	CARE A+	Unsecured
95.	Divitas Capital Advisors Private Limited	25.00	25.00	Perpetual	CARE A+	Unsecured

Sr. No.	Party Name (in case of Facility)/ Instrument Name	Amount Sanctioned/ Issued	Principal Amount Outstanding	Repayment Date/ Schedule	Credit Rating	Unsecured/ Secured
96.	Rustom Jamshed Desai	15.00	15.00	Perpetual	CARE A+	Unsecured
97.	Veera Shanker Mathur	5.00	5.00	Perpetual	CARE A+	Unsecured
98.	Satish H Kulkarni HUF	5.00	5.00	Perpetual	CARE A+	Unsecured
99.	Hari Shankar Rathi - Remat	5.00	5.00	Perpetual	CARE A+	Unsecured
100.	Raheja Stock Brokers Private Limited Stock - Trade Ac	10.00	10.00	Perpetual	CARE A+	Unsecured
101.	Jupiter Stock Brokers Ltd	10.00	10.00	Perpetual	BWR AA-	Unsecured
102.	Sheetal Ajmani	10.00	10.00	Perpetual	BWR AA-	Unsecured
103.	Nishu Ajmani	10.00	10.00	Perpetual	BWR AA-	Unsecured
104.	Raheja Stock Brokers Private Limited Stock - Trade Ac	60.00	60.00	Perpetual	BWR AA-	Unsecured
105.	Sunrise Industrial Traders Limited Stock-Trade Ac	210.00	210.00	Perpetual	BWR AA-	Unsecured
106.	Indian Register of Shipping Staff Provident Fund	170.00	170.00	Perpetual	BWR AA-	Unsecured
107.	Arjun Sawhny	20.00	20.00	Perpetual	BWR AA-	Unsecured
108.	Sanjay N. Singhania	10.00	10.00	Perpetual	BWR AA-	Unsecured
109.	Freyan J Desai	100.00	100.00	Perpetual	BWR AA-	Unsecured
110.	Vaishali Vasant Soman	10.00	10.00	Perpetual	BWR AA-	Unsecured
111.	Priyanka Bhandari	10.00	10.00	Perpetual	BWR AA-	Unsecured
112.	Chaitanya R Rumde	10.00	10.00	Perpetual	BWR AA-	Unsecured
113.	Vandana Saurabh Patel	20.00	20.00	Perpetual	BWR AA-	Unsecured
114.	Usha Gupta	10.00	10.00	Perpetual	BWR AA-	Unsecured
115.	Alugonda Suhas Reddy	10.00	10.00	Perpetual	BWR AA-	Unsecured
116.	Paresh Khatau Thakkar	10.00	10.00	Perpetual	BWR AA-	Unsecured
117.	Mira Mehrishi	20.00	20.00	Perpetual	BWR AA-	Unsecured
118.	Karthik Sriram	10.00	10.00	Perpetual	BWR AA-	Unsecured
119.	Anuradha Ashok Goyal	10.00	10.00	Perpetual	BWR AA-	Unsecured
120.	Hemendra K Shah	20.00	20.00	Perpetual	BWR AA-	Unsecured
121.	Ravi Murlidhar Raheja	10.00	10.00	Perpetual	BWR AA-	Unsecured
122.	Nitin Raheja	10.00	10.00	Perpetual	BWR AA-	Unsecured
123.	Paramartha Saikia	20.00	20.00	Perpetual	BWR AA-	Unsecured
124.	Sangeeta Singh Ratoo .	10.00	10.00	Perpetual	BWR AA-	Unsecured
125.	Sashi Khatau Thakkar	10.00	10.00	Perpetual	BWR AA-	Unsecured
126.	Luthra Nitash Desai	250.00	250.00	Perpetual	BWR AA-	Unsecured
127.	Divitas Capital Advisors Private Limited	20.00	20.00	Perpetual	BWR AA-	Unsecured
128.	Rustom Jamshed Desai	70.00	70.00	Perpetual	BWR AA-	Unsecured
129.	Bhanaram Gupta	10.00	10.00	Perpetual	BWR AA-	Unsecured
130.	Abhishek Kumar Gupta	10.00	10.00	Perpetual	BWR AA-	Unsecured
131.	Premier Auto Finance Limited	70.00	70.00	Perpetual	BWR AA-	Unsecured
132.	Falshajam Investments And Finance Company Private Limited	30.00	30.00	Perpetual	BWR AA-	Unsecured
133.	Gulmarg Holdings Private Limited	20.00	20.00	Perpetual	BWR AA-	Unsecured
134.	Steriplast Private Limited	50.00	50.00	Perpetual	BWR AA-	Unsecured
135.	Steri Mould Private Limited	30.00	30.00	Perpetual	BWR AA-	Unsecured
136.	Steriplate Private Limited	80.00	80.00	Perpetual	BWR AA-	Unsecured
137.	Stationy Solutions Private Limited	20.00	20.00	Perpetual	BWR AA-	Unsecured
138.	Viratech Consultancy Services Private Limited	10.00	10.00	Perpetual	BWR AA-	Unsecured
139.	Anissa Sonthalia	10.00	10.00	Perpetual	BWR AA-	Unsecured
140.	Vidya Prakash Sahni	10.00	10.00	Perpetual	BWR AA-	Unsecured
141.	SKS Capital And Research Private Limited	200.00	200.00	Perpetual	BWR AA-	Unsecured
142.	Indian Register of Shipping Staff Provident Fund	80.00	80.00	Perpetual	BWR AA-	Unsecured

Sr. No.	Party Name (in case of Facility)/ Instrument Name	Amount Sanctioned/ Issued	Principal Amount Outstanding	Repayment Date/ Schedule	Credit Rating	Unsecured/ Secured
143.	Indian Register of Shipping Staff Provident Fund	190.00	190.00	Perpetual	CARE A+ / BWR AA-	Unsecured
144.	Indian Register of Shipping Staff Provident Fund	100.00	100.00	Perpetual	CARE A+ / BWR AA-	Unsecured
145.	Indian Register of Shipping Staff Provident Fund	100.00	100.00	Perpetual	CARE A+ / BWR AA-	Unsecured
	Total	**13,410.00**	**13,410.00**			

Commercial Papers:

Our Company has issued commercial paper on a private placement basis of which ₹ 138,000.00 lakhs is outstanding as on December 31, 2018, the details of which are set forth below:

(₹ in lakhs)

Name of Investor	Maturity Date	Maturity Amount *	Face Value	Repayment Terms
Reliance Capital Trustee Company Limited A/C- Reliance Low Duration Fund	June 26, 2019	25,000.00	25,000.00	Bullet
Tata Mutual Fund - Tata Money Market Fund	April 30, 2019	5,000.00	5,000.00	Bullet
Tata Medium Term Fund	April 30, 2019	500.00	500.00	Bullet
UTI Liquid Cash Plan	January 31, 2019	17,500.00	17,500.00	Bullet
HDFC Trustee Company Limited A/C HDFC Liquid Fund	February 8, 2019	20,000.00	20,000.00	Bullet
HDFC Trustee Company Limited A/C HDFC Liquid Fund	February 21, 2019	20,000.00	20,000.00	Bullet
Axis Mutual Fund Trustee Limited. A/C Axis Mutual Fund A/C Axis Liquid Fund	February 14, 2019	15,000.00	15,000.00	Bullet
Invesco Trustee Private Limited-A/C Invesco India Money Market Fund	February 1, 2019	5,000.00	5,000.00	Bullet
Mahindra Liquid Fund	February 5, 2019	5,000.00	5,000.00	Bullet
UTI Liquid Cash Plan	March 19, 2019	10,000.00	10,000.00	Bullet
UTI Liquid Cash Plan	March 18, 2019	15,000.00	15,000.00	Bullet
Total		**1,38,000.00**	**1,38,000.00**	

**The value of Commercial Papers has been disclosed basis their face value. The discounted value of the above as on December 31, 2018 was at ₹ 1,35,398.12 lakhs.*

Restrictive Covenants under our Financing Arrangements:

Some of the corporate actions for which our Company requires the prior written consent of lenders include the following:

1. To effect any change in the capital structure;
2. to declare and/ or pay dividend to any of its shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
3. to formulate any scheme of amalgamation or reconstruction;
4. to enter into borrowing arrangements, either secured or unsecured, with any other bank, financial institution, company or otherwise;
5. to create or permit any charges or lien on any mortgaged properties;
6. to create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons apart from the arrangement indicated in the funds flow statements submitted to the lenders from time to time and approved by the lenders;
7. to amend its MOA and AOA; and
8. to make any major investments by way of deposits, loans, share capital, etc. in any manner.

Corporate Guarantees

As on date of this Shelf Prospectus, our Company has not issued any corporate guarantee on behalf of its subsidiary, joint ventures and group companies.

Other confirmations

Our Company does not have any outstanding borrowings taken/debt securities issued, where they were issued or taken for consideration other than cash, whether in whole or part, in pursuance of an option.

As on December 31, 2018, our Company has no outstanding debt securities which were issued either at a premium or at a discount, other than as disclosed in this Shelf Prospectus.

There has been no default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness in the past 5 years prior to the date of this Shelf Prospectus.

SECTION VI- LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Our Company and our Subsidiary are subject to various legal proceedings, mostly arising in the ordinary course of our respective businesses. These legal proceedings have been initiated by us and also by our respective customers and past employees as well as other parties. These legal proceedings are primarily in the nature of (a) consumer complaints, (b) criminal complaints, and (c) civil suits. We believe that in the context of doing business in India, the number of proceedings in which our Company and our Subsidiary are involved in, is not unusual for the size of our Company and our Subsidiary.

Except as mentioned in this section, there are no: (a) criminal proceedings; (b) actions taken by statutory or regulatory authorities; (c) taxation proceedings; and (d) other pending material proceedings, in each case involving our Company, Subsidiary, Promoters and Directors.

For the purposes of (d) above, pursuant to the resolution of the Management Committee of the Board dated January 3, 2019 for the purposes of this Shelf Prospectus, a litigation proceeding pertaining to our Company, Subsidiary, corporate promoters i.e. Celica Developers Private Limited and Microfirm Capital Private Limited shall be considered material if:

(a) The quantified monetary amount of claim by or against the relevant person in any such pending litigation proceeding is in excess of 5% of our Company's net profit after tax and minority interest as per our Consolidated Financial Information for the Fiscal 2018 i.e. ₹ 1,152.12 lakhs, or

(b) the outcome of such litigation proceeding may have a material adverse effect on the position, business, operations, prospects, credit quality or reputation of our Company.

Further for the purpose of (d) above, a litigation proceeding pertaining to our Directors and our individual promoters i.e. Ashita Poddar, Kalpana Poddar, Mansi Poddar and Shaili Poddar shall be considered material if the outcome of such litigation proceeding may have a material adverse effect on the position, business, operations, prospects, credit quality or reputation of our Company.

Further, except as mentioned in this section, there are no proceedings involving our Group Companies, which may have a material adverse effect on the position of our Company.

As on the date of this Shelf Prospectus, there have been no failures or defaults to meet statutory dues, institutional dues and dues towards instrument holders including holders of debentures etc., by our Company.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Subsidiary, Directors, Promoters or Group Companies shall, unless otherwise decided by our Board of Directors, not be considered as litigation until such time that our Company or any of its Subsidiary, Directors, Promoters or Group Companies, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum.

All terms defined in a particular litigation are for that particular litigation only.

I. Litigations proceedings involving our Company

Litigation proceedings filed against our Company

(a) Civil Proceedings

There are various civil proceedings instituted against our Company from time to time, mostly arising in the ordinary course of its business. There are no civil proceedings pending against our Company which involve an amount exceeding ₹ 1,152.12 lakhs or whose outcome could have a material adverse effect on the position, business, operations, prospects or reputation of our Company.

(b) Criminal Proceedings

383 separate criminal complaints have been filed against our Company alleging *inter alia* (i) fraud or misappropriation by our Company, our dealers or our employees; (ii) forceful or unlawful repossession of assets; (iii) low sale price of repossessed assets; (iv) misconduct by our employees; (v) illegal demand of excess amount and interest and (vi) counter litigation filed under section 138 of the NI Act. Most criminal complaints have been filed by our customers who have availed loans from our Company and have defaulted in repayment of outstanding amount of the loan resulting in our Company repossessing the relevant asset. These matters are presently pending before various forums at various stages of adjudication. In few of such complaints, certain of our Directors have also been included as parties.

(c) Tax Proceedings

Except as mentioned below, there are no taxation proceedings involving our Company.

Particulars	Number of cases	Amount involved (in ₹ lakhs) *
Direct tax proceedings (A)		
Income tax	6	470.23
Total (A)	**6**	**470.23**
Indirect tax proceedings (B)		
Sales tax	19	358.60
Service tax	4	431.29
Goods and Service Tax	1	143.96
Total (B)	**24**	**933.85**
Total (A+B)	**30**	**1,404.08**

* *To the extent quantified.*

(d) Economic offences

There are no pending proceedings initiated against our Company for economic offences.

Litigation proceedings filed by our Company

(a) Criminal proceedings

298 separate criminal complaints have been filed by our Company alleging *inter alia* (i) forceful repossession of asset; (ii) fraud committed by dealer; (iii) misconduct by our employees; (iv) misappropriation of funds; (v) low sale price of re-possessed assets; (vii) non delivery of assets/ vehicles; and (vii) theft. Most criminal complaints have been filed by us against our customers who have availed loans from our Company and have defaulted in repayment of outstanding amount of the loan resulting in our Company repossessing the relevant asset. These matters are presently pending before various forums at various stages of adjudication.

(b) Civil proceedings

There are no civil proceedings filed by our Company which involve an amount exceeding ₹1,152.12 lakhs or whose outcome could have a material adverse effect on the position, business, operations, prospects or reputation of our Company.

II. *Litigations involving our Subsidiary*

Litigation proceedings filed against our Subsidiary

(a) Civil Proceedings

There are various civil proceedings instituted by and against our Subsidiary from time to time, mostly arising in the ordinary course of its business. There are no civil proceedings pending against our Subsidiary or by our Subsidiary which involve an amount exceeding ₹ 1,152.12 lakhs or whose outcome could have a material adverse effect on the position, business, operations, prospects or reputation of our Company.

(b) Criminal proceedings

1. Surinder Mallik (the "**Complainant**") filed a criminal complaint against Magma Housing Finance Limited ("**MHFL**") under Section 156(3) of the CrPC with the Additional District Judge, Tis Hazari (the "**ADJ**") alleging fraud and collusion between the employees of MHL the in order to make illegal and unlawful gain by mortgaging certain immovable property of the Complainant without the knowledge and consent of the Complainants. The Complainant prayed before the ADJ to direct the relevant police station to register the case and investigate the matter. The Senior Inspector of Roop Nagar Police Station ("**SI**") issued a notice to MHFL to provide certain documents pertaining to the complaint. MHFL filed a reply and provided the documents to the SI. The matter is currently pending.

2. Aman Kumar (the "**Complainant**") filed a criminal complaint against certain employees of Magma Housing Finance Limited, certain employees of Dewan Housing Finance Limited, Skyhigh Infraland Private Limited, Rajeev Aggarwal and Savita Aggarwal (collectively the "**Defendants**") before the Judicial Magistrate, Gurgaon ("**JM**"). The Complainant alleged that the Defendants created fake documents in the name of the Complainant and are involved in fraud, cheating and money laundering. The matter is currently pending.

(c) Tax Proceedings

Except as mentioned below, there are no taxation proceedings involving our Subsidiary.

Particulars	Number of cases	Amount involved (in ₹ lakhs) *
Direct tax proceedings (A)		
Income tax	Nil	Nil
Total (A)		Nil
Indirect tax proceedings (B)		
Service tax	1	40.36
Total (B)	1	40.36
Total (A+B)	**1**	**40.36**

** To the extent quantified.*

Litigation proceedings filed by our Subsidiary

Criminal proceedings

8 separate criminal complaints have been filed by our Subsidiary against its customers alleging fraud or misappropriation by the customers who have availed loans from our Subsidiary and have defaulted in repayment of outstanding amount of the loan. These matters are presently pending before various forums at various stages of adjudication.

III. *Litigations involving our Promoters*

(a) Civil Proceedings

There are no civil proceedings pending against our corporate promoters which involve an amount exceeding ₹ 1,152.12 lakhs or whose outcome could have a material adverse effect on the position, business, operations, prospects or reputation of our corporate promoters. Further, there are no civil proceedings pending against our individual promoters whose outcome could have a material adverse effect on the position, business, operations, prospects or reputation of our individual promoters.

(b) Criminal/statutory or regulatory/taxation proceedings

There are no pending criminal/statutory or regulatory/taxation proceedings involving our Promoters.

(c) Legal action against our Promoters during the past five years

Except as disclosed below, no litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoters during the last five years immediately preceding the year of the issue of this Shelf Prospectus and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action:

Microfirm Capital Private Limited was categorized as a 'High Risk Financial Institution' by the Financial

Intelligence Unit – India (the "**FIU – India**"), Ministry of Finance Government of India for failure to register a principal officer with the Director, FIU – India, under the Prevention of Money-Laundering Act, 2002 (the "**PMLA Act**") and the rules thereunder. Microfirm had also failed to file monthly returns under the PMLA Act and the rules thereunder. Microfirm has subsequently filed applications to register itself as a 'reporting entity' and to register its principal officer, with the FIU – India, as per the provisions of the PMLA Act. Consequently, Microfirm was is no longer listed by the FIU-India to be "High Risk Financial Institution and does not appear in the subsequent lists issued by the FIU-India in this regard.

IV. Litigations against our Directors

Our Directors have been impleaded as defendants in certain criminal cases filed against the Company in the ordinary course of business. For further information please see, "*Litigation proceedings filed against our Company - Criminal*" on page 350.

V. Litigation against our Group Companies

Except as mentioned below, there are no litigation proceedings involving any of our Group Companies which may have a material adverse effect on the position of our Company:

Future Generali India Insurance Company Limited (the "**Complainant**") has filed a commercial suit no. 1065 of 2018 against MHDI before the High Court of Bombay seeking the recovery of a principal amount of ₹6,100 lakhs along with interest thereon amounting to ₹2,100 lakhs. MHDI has in-turn reinsured to the extent of 99%. MHDI has disputed the admissibility of the claim under the reinsurance contract and is taking necessary steps for defending the case. The matter is currently pending.

VI. ***Inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of issue of this Shelf Prospectus against our Company and our Subsidiary (whether pending or not); fines imposed or compounding of offences done by our Company or our Subsidiary in the last five years immediately preceding the year of this Shelf Prospectus:*** **Nil**

VII. Details of acts of material frauds committed against our Company in the last five years, if any, and if so, the action taken by our Company.

Except as disclosed below, there are no material frauds committed against our Company in the last five Fiscals:

Fiscal Year	Nature of fraud	Amount (₹ in lakhs)	Corrective action
2017-18	No material fraud	Nil	N.A
2016-17	No material fraud	Nil	N.A
2015-16	No material fraud	Nil	N.A
2014-15	Mainly related to Falsification of loan/ Valuation documents by borrowers, non-delivery of assets by dealers, collusion between vendors, borrowers, employees and cash misappropriation by the employees of the company.	611.96	Our Company has strengthened the controls, wherever required. Further, our Company has made efforts to recover the amount, initiated appropriate legal actions and lodged claim with the insurance companies on case to case basis.
2013-14	Mainly related to Falsification of loan/ Valuation documents and collusion between its employees, borrowers and vendors.	465.00	Our Company has strengthened the controls, wherever required. Further, our Company has made efforts to recover the amount, initiated appropriate legal actions and lodged claim with the insurance companies on case to case basis.

VIII. ***Summary of reservations, qualifications, or adverse remarks of auditors in the last five Fiscals immediately preceding the year of issue of this Shelf Prospectus and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks.*** Nil

REGULATIONS AND POLICIES

The regulations summarised below are not exhaustive and are only intended to provide general information to Investors and is neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act and applicable goods and services taxation legislations, labour statutes such as the Employees State Insurance Act, 1948 and the Employees Provident Funds and Miscellaneous Provisions Act, 1952, and other statutes such as the Trade Marks Act, 1999 and applicable shops and establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below. The following information is based on the current provisions of applicable Indian laws, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Our Company is a non-deposit taking systemically important, NBFC. As such, our Company's business activities are regulated by RBI Regulations applicable to systemically important non- deposit accepting NBFCs ("***NBFC-ND*-SI**"). Our Joint Venture, MHDI is registered with the IRDAI as a general insurance company, while our Subsidiary, MHFL is registered with the National Housing Bank as a non-deposit accepting housing finance company. Accordingly, MHDI and MHFL are also governed by the laws and regulations applicable to insurance and housing finance companies respectively.

As of February 22, 2019, the RBI has issued an updated Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016 as amended, ("**Master Directions**") applicable to all NBFC-ND-SI's.

Laws relating to an NBFC

As per the RBI Act, a financial institution has been defined as a non-banking institution, carrying on as its business or part of its business of, *inter alia*, the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own, and is engaged in the acquisition of shares, stock, bonds, debentures and/or securities issued by the Government or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business, but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the purchase or sale of any goods (other than securities) or the providing of any services or the sale, purchase and/or construction of immovable property.

Any company which carries on the business of a non-banking financial institution as its principal business is to be treated as an NBFC. Since the term 'principal business' has not been defined in law, the RBI has clarified through a press release (Ref. No. 1998-99/ 1269) in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets) and income from financial assets should be more than 50% of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

With effect from 1997, NBFCs were not permitted to commence or carry on the business of a non-banking financial institution without obtaining a Certificate of Registration (**"CoR"**). Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the RBI has raised the requirement of minimum net owned fund ("**NoF**") from ₹ 25 lakhs to ₹ 200 lakhs for the NBFC which commences business on or after April 21, 1999. Also, it was mandatory for all NBFCs to attain a minimum NoF of ₹ 200 lakhs by the end of 1 April 2017. NBFCs failing to maintain NOF of ₹ 200 lakhs are not eligible to hold a certificate of registration as an NBFC. However, to obviate dual regulation, certain categories of NBFCs which are regulated by other regulators are exempted from the requirement of registration with RBI, for instance insurance companies registered with the Insurance Regulatory and Development Authority of India ("**IRDAI**") are subject to the requirements stipulated by IRDAI and housing finance companies registered with the National Housing Bank ("**NHB**") are subject to the requirements stipulated by NHB. .

Regulation of NBFCs registered with the RBI

As an NBFC, we are primarily governed by the RBI Act and the RBI Master Directions, which are applicable to *inter alia all* NBFC-ND-SI's. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Types of Activities that NBFCs are permitted to carry out

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

(i) an NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand;

(ii) NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself; and

(iii) deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositor of NBFCs.

Types of NBFCs:

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the RBI in order to be able to commence any of the aforementioned activities.

Further, an NBFC may be registered as a deposit accepting NBFC ("**NBFC-D**") or as a non-deposit accepting NBFC ("**NBFC-ND**").

NBFCs registered with RBI are further classified as:

(i) Asset financing companies;

(ii) Investment companies;

(iii) Loan companies;

(iv) infrastructure finance companies;

(v) Systemically important core investment companies;

(vi) Infrastructure debt fund – NBFCs;

(vii) NBFC- non-operative Factors;

(viii) Mortgage guarantee company;

(ix) NBFC- Non-operative financial holding company; and/or

(x) NBFC – micro finance institutions.

As per the RBI Circular (DNBR (PD) CC.No.097/03.10.001/2018-19) dated February 22, 2019 it was decided to merge three categories of NBFCs i.e. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC). Our Company has w.e.f. February 22, 2019 been recategorised as an NBFC-ICC

Systemically Important NBFC-NDs

The RBI in its notification (RBI/2014-15/520 DNBR (PD) CC.No.024/03.10.001/2014-15) dated March 27, 2015 revised the threshold for defining systemic significance for NBFCs-ND in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹ 50,000 lakhs and above as per the last audited balance sheet. Moreover, all NBFCs-ND with assets of ₹ 50,000 lakhs and above, irrespective of whether they have accessed public funds or not, shall comply with prudential requirements as applicable to NBFCs-ND-SI. NBFCs-ND-SI is required to comply with conduct of business regulations if customer interface exists. All systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio ("**CRAR**") of 15%. The RBI has issued an updated Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 1, 2016 as amended, ("**Master Directions**") applicable to all NBFCs-ND-SI.

Regulatory Requirements of an NBFC under the RBI Act

Net Owned Fund

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹ 200 lakhs (Rupees two hundred lakhs only). For this purpose, the RBI Act has defined "net owned funds" to mean:

(i) the aggregate of the paid-up equity capital, preference shares which are compulsorily convertible into equity and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of loss, (ii) deferred revenue expenditure, (iii) deferred tax assets (net); and (iv) other intangible assets; and

(ii) Further reduced by amounts representing,

   (1) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and

   (2) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10% of (a) above.

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI within 21 days from the date of such withdrawal.

Rating of Financial Product

As per the Master Directions, all NBFCs with asset size of ₹ 10,000 lakhs and above are required to furnish at the regional office of the RBI under whose jurisdiction the registered office of the NBFC is functioning, information relating to the upgrading and downgrading of assigned rating of any financial products issued by them within 15 days of such change.

Regulation of excessive interest rates

All NBFCs are required to put in place appropriate internal principles and procedures in determining interest rates and charges for loans and advances. The Master Directions stipulate that the board of directors of each NBFC shall adopt an interest rate model after taking into account the various relevant factors, such as, among others, cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers shall be required to be disclosed in the application form and communicated explicitly in the sanction letter. Furthermore, the rates of interest and the approach for gradation of risks is also required to be made available on the company's website or be published in the relevant newspapers and is required to be updated in the event of any change therein. Further, the rate of interest is required to be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.

*Know Your Customers Guidelines ("**KYC Guidelines**")*

The RBI has extended the KYC Guidelines to NBFCs and advised all NBFCs to adopt the same with suitable modifications depending upon the activity undertaken by such NBFCs and ensure that a proper policy framework of anti-money laundering measures is put in place. The know your customer policies are required to have certain key elements, including a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC Guidelines and the exercise of due diligence by persons authorised by the NBFC, including its brokers and agents.

Prudential Norms

The Master Directions amongst other requirements prescribe guidelines on NBFC-ND regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans. Further the concentration of credit/ investment norms shall not apply to a systemically important non-banking financial company not accessing public funds in India, either directly or indirectly, and not issuing guarantees.

Asset Classification

The Master Directions require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard assets;
- Sub-standard assets;
- Doubtful assets; and
- Loss assets

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present, every NBFC is required to make a provision for standard assets at 0.25% of the outstanding. RBI *vide* its notification dated November 10, 2014 has increased the requirement for standard assets for NBFCs-ND-SI and for all NBFCs-D to 0.40%, which were to be complied with in a phased manner as follows: (i) 0.30% by March 31, 2016 (ii) 0.35% by March 31, 2017 (iii) 0.40% by March 31, 2018.

The RBI has through its circular dated February 7, 2018, bearing reference number DBR.No. BP.BC/100/21.04.048/2017-18, provided that while banks and NBFCs generally classify a loan account to be an NPA based on 90 and 120 day delinquency norms, respectively, exposure of banks and NBFCs to borrowers classified as a micro, small and medium enterprise under the Micro, Small and Medium Enterprises Development Act, 2006, shall be classified as a standard asset in the accounts of the banks and NBFCs, subject to conditions specified under such circular including, the borrower being registered under the GST regime as on January 31, 2018, the borrower's account was standard as on August 31, 2017 and the amount from the borrower overdue as on September 31, 2017 and payments from the borrower due between September 1, 2017 and January 31, 2018 are paid not later than 180 days from their respective original due dates.

RBI further vide its circular dated January 1, 2019 permitted a one-time restructuring of existing loans to MSMEs classified as 'standard' without a downgrade in the asset classification, subject to the certain conditions, inter alia (i) the aggregate exposure, including non-fund based facilities, of banks and NBFCs to the borrower not exceeding ₹2,500 lakhs as on January 1, 2019; (ii) the borrower's account is in default but is a 'standard asset' as on January 1, 2019 and continues to be classified as a 'standard asset' till the date of implementation of the restructuring; (iii) the borrowing entity is GST-registered on the date of implementation of the restructuring. However, this condition does not apply to MSMEs that are exempt from GST-registration; (iv) the restructuring of the borrower account is implemented on or before March 31, 2020; (v) a provision of 5% in addition to the provisions already held, shall be made in respect of accounts restructured under these instructions; (vi) post-restructuring, NPA classification of these accounts shall be as per the extant IRAC norms, etc.

Provisioning Requirements

An NBFC (except NBFC-MFI), after taking into account the time lag between an account becoming non-performing, its recognition, the realisation of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the Master Directions.

In the interests of counter cyclicality and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI *vide* its circular (no. DNBS.PD.CC. No.207/03.02.002/2010-11) dated January 17, 2011, introduced provisioning for standard assets by all NBFCs. NBFCs were earlier required to make a general provision at 0.25% of the outstanding standard assets. As mentioned above, the RBI *vide* its notification dated November 10, 2014 has increased the requirement for standard assets for NBFCs-ND-SI and for all NBFCs-

D to 0.40%, which were to be complied with in a phased manner as follows: (i) 0.30% by March 31, 2016 (ii) 0.35% by March 31, 2017 (iii) 0.40% by March 31, 2018. The provisions on standard assets are not reckoned for arriving at net NPAs. The provisions towards standard assets are not needed to be netted from gross advances but shown separately as "Contingent Provisions against Standard Assets" in the balance sheet. NBFCs are allowed to include the "General Provisions on Standard Assets" in Tier II Capital which together with other "general provisions/loss reserves" will be admitted as Tier II Capital only up to a maximum of 1.25% of the total risk-weighted assets.

Capital Adequacy Norms

Every applicable 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. The Tier I capital in respect of applicable NBFCs (other than NBFC-MFI and IDF-NBFC), at any point of time, shall not be less than 8.5% by March 31, 2016 and10% by March 31, 2017.

Exposure Norms

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Master Directions, prescribed credit exposure limits for financial institutions in respect of their lending to single/group borrowers. Credit exposure to a single borrower shall not exceed 15% of the owned funds of the NBFC-ND-SI, while the credit exposure to a single group of borrowers shall not exceed 25% of the owned funds of the NBFC-ND-SI. Further, the NBFC-ND-SI may not invest in the shares of another company exceeding 15% of its owned funds, and in the shares of a single group of companies exceeding 25% of its owned funds.

Additionally, the NBFC-ND-SI may not lend and invest (loans/investments taken together) exceeding 25% of its owned funds to a single party and exceeding 40% of its owned funds to a single group of parties. However, this prescribed ceiling shall not be applicable on a NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI in writing. An NBFC-N-SI may exceed the concentration of credit/investment norms, by 5% for any single party and by 10% for a single group of parties, if the additional exposure is on account of infrastructure loan and/ or investment. These limits shall not apply to an NBFC-ND-SI not accessing public funds, either directly or indirectly and not issuing guarantees.

Master Circular - Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 - Corporate Governance Directions 2015

All NBFC-ND-SI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee, and risk management committee. RBI vide its Master Circular dated July 1, 2015, introduced the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 (the "**RBI Master Circular**") which requires all systemically important ND NBFCs having an asset size above ₹50,000 lakhs are required to consider adopting best practices and transparency in their systems as specified below.

The RBI Master Circular mandated that all NBFC having assets of ₹50,000 lakhs and above as per its last audited balance sheet are required to constitute an audit committee, consisting of not less than three members of its board of directors. NBFCs are required to furnish to the RBI a quarterly statement on change of directors, and a certificate from the managing director of the NBFC that fit and proper criteria in selection of the directors has been followed. Further, all applicable NBFCs shall have to frame their internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders constitution of a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending has also been prescribed in the RBI Master Circular. Further, the audit committee of NBFCs are required to ensure that an Information Systems Audit of the internal systems and processes is conducted at least once in two years to assess operational risks.

Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016

All NBFCs and NBFCs-ND-SI shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. An NBFC-ND-SI is required to report all cases of fraud of ₹ 1 lakh and above, and if the fraud is of ₹ 100 lakhs or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof. The NBFC-ND-SI shall also report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

Master Circular dated July 1, 2015 – Frauds – Future approach towards monitoring of frauds in NBFCs

In order to prevent the incidence of frauds in NBFCs, the RBI established a reporting requirement to be followed by NBFCs, both NBFC-D and NBFCs-ND-SI. In terms of the circular, all NBFCs-ND-SI shall disclose the amount related to fraud, reported in the company for the year in their balance sheets. NBFCs failing to report fraud cases to the RBI would be liable for penal action prescribed under the provisions of Chapter V of the RBI Act. Additionally, the circular provides for categorisation of frauds and the reporting formats in order to ensure uniformity in reporting.

Master Circular dated July 1, 2015 on returns to be submitted by NBFCs

The circular lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-ND-SI. RBI, vide notification dated November 26, 2015 titled "Online Returns to be submitted by NBFCs-Revised" changed the periodicity of NBFC-ND-SI returns from monthly to quarterly.

Accounting Standards & Accounting policies

Subject to the changes in Indian Accounting Standards and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the Statement of profit and loss of these changes in each of the accounting years preceding the change. In such cases our profit/loss for the preceding years might not be strictly comparable with the profit/loss for the period for which such accounting policy changes are being made. For further details, see "*Risk Factors*" on 17 and "*Summary of key differences between Indian GAAP and IndAS*" on page 329.

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

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC-ND-SI, the auditor shall made a separate report to the board of directors of the company on inter alia examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on March 31 of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public deposits during the applicable year, whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the RBI in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the RBI, whether the company has furnished to the RBI the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period, and whether the non-banking financial company has been correctly classified as NBFC Micro Finance Institutions (MFI).

The statutory auditor of the NBFC-ND is required to submit to the board of directors of the company along with the statutory audit report, a special report certifying that the directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

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

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-ND-SI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding inter alia asset liability mismatches and interest rate risk, quarterly report on branch information, and CRILC on a quarterly basis as well as all SMA-2 accounts to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

Financing of NBFCs by bank

The RBI has issued guidelines *vide* a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) further lending to individuals for the purpose of subscribing to an initial public offer.

Ombudsman scheme for customers of NBFCs

The RBI had under its Statement on Development and Regulatory Policies-February 2018 dated February 7, 2018 announced the proposed ombudsman scheme for NBFCs to provide cost-free and expeditious grievance redressal to customers of all NBFC-Ds and all NBFCs with customer interface having an asset size exceeding ₹1 billion ("**Covered NBFCs**").

The RBI has on February 23, 2018 introduced the Ombudsman Scheme for Non-Banking Financial Companies, 2018 (the "**Scheme**"). The stated objective of the Scheme is to enable the resolution of complaints free of cost, relating to certain aspects of services rendered by certain categories of NBFCs registered with the RBI to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. The Scheme provides for the appointment by RBI of one or more officers not below the rank of general manager as ombudsmen (the "**Ombudsmen**") for a period not exceeding three years at a time, to carry out the functions entrusted to Ombudsmen under the Scheme.

The Scheme describes the nature of complaints which any person could file with an Ombudsman alleging deficiency in services by an Covered NBFC, which include *inter alia* failure to convey in writing the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof, failure or refusal to provide adequate notice on proposed changes being made in the sanctioned terms in vernacular or a language understood by the borrower, levying of charges without adequate prior notice to the borrower/customer and failure or inordinate delay in releasing the securities documents to the borrower on repayment of all dues. The complaints may be settled by the Covered NBFC within a specified period or may be decided by an award passed by Ombudsman after affording the parties a reasonable opportunity to present their case, either in writing or in a meeting. Where the Ombudsman decides to allow the complaint, the award passed is required to contain the direction/s, if any, to the Covered NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the Covered NBFC to the complainant by way of compensation for any loss suffered by the complainant, arising directly out of the act or omission of the Covered NBFC. The Covered NBFC is required to implement the settlement arrived at with the complainant or the award passed by the Ombudsman when it becomes final and send a report in this regard to the RBI within 15 days of the award becoming final. The Ombudsman is required to send a report to the RBI governor annually (as on June 30 every year) containing general review of the activities of his office during the preceding financial year and provide such other information as may be required by the RBI.

Asset Liability Management

The RBI has prescribed the Guidelines for Asset Liability Management ("**ALM**") System in relation to NBFCs ("**ALM Guidelines**") that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated July 1, 2015. As per this Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹10,000 lakhs, irrespective of whether they are accepting / holding public deposits or not, or holding public deposits of ₹2,000 lakhs or more (irrespective of the asset size) as per their audited balance sheet as of March 31, 2001, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time-bucket should not exceed the prudential limit of 15% of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "**DRT Act**") provides for establishment of the Debts Recovery Tribunals (the "**DRTs**") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

Anti-Money Laundering

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 ("**PMLA**") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹10 lakhs; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹10 lakhs where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹10 lakhs. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data are to be made available to the competent authorities upon request. RBI Notification dated December 3, 2015 titled "Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards" states that all regulated entities (including NBFCs) are to comply with the updated Financial Action Task Force Public Statement and document 'Improving Global AML/CFT Compliance: on-going process' as on October 23, 2015.

Master Direction - Information Technology Framework for the NBFC Sector

The RBI issued these directions on June 8, 2017. The directions focus on the governance of information technology ("**IT**") framework, audit of information systems, outsourcing of IT services, business continuity planning and the formulation of IT and cyber security policies for non-deposit taking NBFCs. The primary objective of these directions is to enhance the safety, security and operational efficiency of NBFCs. The board of directors and the executive management of an NBFC-SI are responsible for effective IT governance. NBFC-SI must constitute an 'IT Strategy Committee', comprising an independent director as the chairman, a chief information officer ("**CIO**"); and a chief technology officer ("**CTO**"). The IT Strategy Committee must meet at least twice a year. All deliberations/ recommendations of the IT Strategy Committee are to be placed before the board of directors of the NBFC-SI. The NBFC-SI must formulate an 'Information Security Policy', duly approved by its board of directors. An NBFC-SI must undertake a comprehensive risk assessment of its IT systems, on an annual basis. The assessment should analyse the existent/ anticipated threats to the IT assets and the existing security controls and processes of the NBFC-SI. The risk assessment should be brought to the notice of the Chief Risk Officer ("**CRO**"), CIO and the board of directors of the NBFC. An NBFC-SI must formulate a 'Cyber Crisis Management Plan', entailing preventive and corrective measures to be undertaken by the NBFC-SI upon the occurrence of a cyber threat/ intrusion. An NBFC-SI must realign its IT systems on a regular basis with the changing needs of its customers and business. For this purpose, an NBFC-SI must formulate a 'Change Management Policy'. NBFC-SI must also adopt an 'Information System Audit Framework', duly approved by its board of directors. The information system audit shall identify risks and methods to mitigate risk arising out of IT infrastructure such as server architecture, local and wide area networks, physical and information security, telecommunications etc. Apart from these policies, the NBFC-SI may enter into outsourcing arrangements with service providers vis-à-vis its IT related business, subject to the approval of the board of directors of the NBFC-SI. Additionally, NBFC-SIs must consider using digital signatures to protect the authenticity and integrity of important electronic documents and with respect to high value funds transfer and conduct regular user trainings and information security awareness programs. With respect to NBFC-SIs using mobile financial services, the Directions suggest that an appropriate mechanism be devised to provide end-to-end encryption of information assets that are used by mobile applications to provide services to customers.

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

The RBI issued these directions on November 9, 2017 for all NBFCs. Outsourcing is defined as the NBFC's use of a third party either an affiliated entity within a corporate group or an entity that is external to the corporate group to perform activities on a continuing basis that would normally be undertaken by the NBFC itself, now or in the future. Outsourced financial services include applications processing loan origination, credit card, document processing, marketing and research, supervision of loans, data processing and back office related activities, besides others. Some key risks in outsourcing are Strategic Risk, Reputation Risk, Compliance Risk, Operational Risk, Legal Risk, Exit Strategy Risk, Counterparty Risk, Country Risk, Contractual Risk, Access Risk, Concentration and Systemic Risk.

The NBFC outsourcing its activities must ensure sound and responsive risk management practices for effective oversight, due diligence and management of risks arising from such outsourced activities. These directions are not applicable to technology-related issues and activities not related to financial services, such as usage of courier, catering of staff, housekeeping and janitorial services, security of the premises, movement and archiving of records, etc. NBFCs which desire to outsource financial services would not require prior approval from RBI. However, such arrangements would be subject to on-site/ off- site monitoring and inspection/ scrutiny by RBI. An NBFC intending to outsource any of its financial activities shall put in place a comprehensive outsourcing policy, approved by its Board, which incorporates, inter alia, criteria for selection of such activities as well as service providers, delegation of authority depending on risks and materiality and systems to monitor and review the operations of these activities. In considering or renewing an outsourcing arrangement, appropriate due diligence shall be performed to assess the capability of the service provider to comply with obligations in the outsourcing agreement. NBFCs shall consider whether the service providers' systems are compatible with their own and also whether their standards of performance including in the area of customer service are acceptable to it. The NBFC shall have in place a management structure to monitor and control its outsourcing activities. It shall ensure that outsourcing agreements with the service provider contain provisions to address their monitoring and control of outsourced activities.

Laws Relating to Insurance

*The Insurance Act, 1938 ("**Insurance Act**") and the IRDAI Act, 1999 ("**IRDAI Act**")*

The Insurance Act along with the various regulations, guidelines and circulars issued by the IRDAI, govern, amongst other matters, registration of insurers, opening of new places of business, accounts and balance sheet, audit of financial statements, actuarial report and abstract, insurance intermediaries and agents, investment of funds, valuation of assets and liabilities, solvency margins, restriction on dividends, limits on expenses of management. The IRDAI Act has established the IRDAI to regulate, promote and ensure orderly growth of the insurance sector in India and to protect the interests of policyholders.

Insurers are required to be registered with the IRDAI under the Insurance Act in order to carry out any class of insurance business, including life insurance in India. The Insurance Act stipulates, *inter alia*, certain requirements in relation to the capital structure for insurers including in relation to minimum paid-up equity capital and equal voting rights. Insurers are required to maintain records of policies, including the details of policyholder, nominations of claims, including the details of discharge or rejection of claim and a register of insurance agents. Pursuant to the definition of an Indian insurance company under the Insurance Act, an insurer is required to be "Indian owned and controlled". Additionally, in terms of the Indian Insurance Companies (Foreign Investment) Rules, 2015, as amended ("**Foreign Investment Rules**"), the term "Indian control" of an Indian insurance company has been defined to mean control of such Indian insurance company by resident Indian citizens or Indian companies, which are owned and controlled by resident Indian citizens.

The term "Indian ownership" of an Indian insurance company has been defined in the Foreign Investment Rules as more than 50% of the equity capital in a company which is beneficially owned by resident Indian citizens or Indian companies which are owned and controlled by resident Indian citizens. Further, the term "control" has been defined in the Insurance Laws (Amendment) Act, 2015, as amended, to include the right to appoint a majority of the directors or to control management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements. Further, a life insurance company is required to have a capital consisting of equity shares each having a single face value and such other forms of capital in accordance with the IRDAI (Other Forms of Capital) Regulations, 2015, as amended. The voting rights of the shareholders are required to be restricted to such equity shares and to be proportionate to the paid-up amount of the equity shares held by them. The paid-up amount is required to be the same for all equity shares (except during any period not exceeding one year allowed by the company for payment of calls on shares).

*The Insurance Laws (Amendment) Act, 2015 ("**Amendment**")*

The Amendment has introduced several changes in the scheme of the Insurance Act, amongst other things, in relation to ownership and control, capital, enhancement of enforcement powers of the IRDAI and the responsibilities of agents and intermediaries. Additionally, the Amendment also mandates the insurers to maintain electronic form of policy records and claims. The Amendment provides that every insurer shall, in respect of all business transacted by him, endeavour to issue policies above a specified threshold in terms of sum assured and premium in electronic form, in the manner and form to be specified by the regulations made under the Insurance Act.

As regards to foreign investors, the cap on aggregate holding of equity shares by foreign investors, including portfolio investors, has been raised to 49% of paid up capital from the erstwhile 26% and insurance companies are required to be Indian owned and controlled. Therefore, both the ownership and control are required to remain in Indian hands. Further, the Amendment has permitted insurers to raise capital through instruments other than equity. In this regard, IRDAI has issued the Insurance Regulatory and Development Authority of India (Other Forms of Capital) Regulations, 2015, which permit insurers to raise capital by way of preference shares and subordinated debt instruments after obtaining prior approval from the IRDAI. The Amendment empowers the insurance companies to appoint agents subject to fulfilment of the criteria stipulated by IRDAI. The Amendment has further given powers to IRDAI to regulate the commission payable to the agents and intermediaries through regulations.

The Amendment has extended the powers of the IRDAI for regulating various day to day operations and activities of insurance companies by issuing regulations for the same. Further, the IRDAI has issued circulars, regulations and guidelines on registration and licensing of insurance companies, investments, pricing of put or call options in joint venture agreements governing rights of partners, solvency margin requirements, insurance agents and intermediaries, corporate governance requirements, transfer of shares, opening, closure and relocation of branches, expenses of management, advertising, accounting procedure and reporting formats, granting of loans and advances, limit on expenses, maintenance of records.

The Amendment has removed various provisions including sections relating to acceptance of deposits by insurance companies, appointment of chief agent and principal agent, divesting excess shareholding above 26% by promoters etc. The Amendment has specified enhanced penalties for insurers for contravention of any of the provisions of the Insurance Act ranging from ₹ 1 lakh for each day during which contravention continues, ranges from ₹ 100 lakhs to ₹ 2,500 lakhs for different kinds of violations. A person who carries on the business of insurance without obtaining a certificate of registration may additionally be punishable with imprisonment extending to 10 years.

*Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000, as amended ("**Registration Regulations**")*

The Registration Regulations prescribe the procedure for obtaining registration of prospective insurers, renewal, suspension and cancellation of registrations. The Registration Regulations provide the manner of calculation of equity capital held by foreign investors, and require compliance with the "Indian owned and controlled" requirements. Further, the insurer is required to pay an annual fee to the IRDAI as prescribed under the Registration Regulations. On March 21, 2016 the IRDAI notified the Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) (Seventh Amendment) Regulations, 2016 which substantially amended the Registration Regulations.

*The Insurance Ombudsman Rules, 2017 ("**Ombudsman Rules**")*

The Ministry of Finance, Department of Financial Service (Financial Division) *vide* a notification dated April 25, 2017 made the Insurance Ombudsman Rules to resolve all complaints of all personal lines of insurance, group insurance policies, policies issued to sole proprietorships and micro enterprises in a cost effective and impartial manner. The Ombudsman Rules are applicable to all the insurers and their agents and intermediaries and prescribe for constitution and composition of executive council of insurer which shall issue guidelines relating to administration, secretariat, infrastructure and other aspects of the functioning of insurance ombudsman system. The Insurance Ombudsman Rules lay down the procedure for selection, term of office, remuneration and territorial jurisdiction of ombudsman and also prescribe the duties and functions of insurance ombudsman and the manner in which the complaint is to be made, the procedure for redressal of grievance, nature of complaints to be entertained and the manner of passing award in case the complaint is not settled by way of mediation.

*Anti-Money Laundering Guidelines, 2013 ("**AML Guidelines**")*

On February 7, 2013, IRDAI issued AML Guidelines pertaining to anti-money laundering and counter-financing of terrorism in relation to the general insurance sector. The AML Guidelines, *inter alia*, lay down the adoption of anti-money laundering/counter-financing of terrorism program in order to discharge the statutory responsibility through internal policies, procedures and controls, recruitment and training of employees/agents on anti-money laundering program, and internal controls to combat any possible money laundering attempts. Further, the AML Guidelines prescribe the reporting obligations to track any money laundering attempts for further investigation and action. The IRDAI issued a master circular on anti-money laundering and counter-financing of terrorism dated September 28, 2015 consolidating all the guidelines issued from time to time.

Laws relating to housing finance companies

*The National Housing Bank Act, 1987 ("**NHB Act**")*

The NHB Act was enacted to establish National Housing Bank ("**NHB**") to operate as a principal agency to promote HFCs both at the local and regional levels and to provide financial and other support to such institutions for matters connected therewith or incidental thereto. The business of the NHB, among others, includes promoting, establishing, supporting or aiding in the promotion, establishment and support of housing finance institution; disbursing of loans and advances for housing activities of HFCs, scheduled banks, state co-operative agricultural and rural development banks or any other institution or class of institutions as may be notified by the Central Government; guaranteeing the financial obligations of HFCs and underwriting the issue of stocks, shares, debentures and other securities of HFCs; formulating one or more schemes for the purpose of mobilisation of resources and extension of credit for housing; providing guidelines to the HFCs to ensure their growth on sound lines; providing technical and administrative assistance to HFCs and exercising all powers and functions in the performance of duties entrusted to the NHB under the NHB Act or under any other law for the time being in force. Further, the NHB has issued the Guidelines on 'Know Your Customer' & 'Anti Money Laundering Measures' for HFCs dated October 11, 2010 (the "**KYC Guidelines**"), with the stated objective of *inter alia* preventing HFCs from being used, intentionally or unintentionally, by criminal elements for money laundering activities.

*The Housing Finance Companies (National Housing Bank) Directions, 2010 ("**NHB Directions**")*

The objective of the NHB Directions is to consolidate and issue directions in relation to the acceptance of deposits by the housing finance institutions. Additionally, the NHB Directions provide the prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/investment to be observed by the housing finance institutions and the matters to be included in the auditors' report by the auditors of housing finance institutions. Pursuant to the NHB Directions, no HFC shall accept or renew public deposits unless the HFC has obtained minimum investment grade rating for its fixed deposits from any one of the approved rating agencies, at least once a year and a copy of the rating is sent to the NHB and it is complying with all the prudential norms, provided that:

(i) an HFC having obtained credit rating for its fixed deposits not below the minimum investment grade rating and complying with all the prudential norms, may accept public deposits not exceeding five times of its net owned funds; and

(ii) an HFC which does not have the requisite rating for its fixed deposits shall obtain the same within a period of six months' time from the date of notification or such extended period as may be permitted by the NHB, to obtain the prescribed rating for its fixed deposits.

Master circular on housing finance issued by the RBI

Pursuant to the master circular on housing finance dated July 1, 2015, as amended issued by the RBI ("**Housing Master Circular**"), banks are eligible to deploy their funds under the housing finance allocation in any of three categories, i.e. (i) direct finance; (ii) indirect finance; or (iii) investment in bonds of the NHB/Housing and Urban Development Corporation Limited, or combination thereof. Indirect finance includes loans to HFCs, housing boards, other public housing agencies, etc., primarily for augmenting the supply of serviced land and constructed units.

Under the terms of the Housing Master Circular, banks may grant loans to HFCs taking in to account (long-term) debt-equity ratio, track record, recovery performance and other relevant factors. All HFCs registered with NHB are eligible to apply for refinance from NHB and will be eligible subject to the refinance policy. The quantum of term loan to be sanctioned to them will not be linked to net owned funds as NHB has already prescribed the above referred ceiling on total borrowing of HFCs.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI")

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. The secured creditors must serve a 60-day notice on the borrower demanding repayment of the amount due and specifying the borrower's assets over which the secured creditor proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-day notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt. The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know-how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receivable, present or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹100 lakhs, agricultural land and any case where the amount due is less than 20.00% of the principal amount and interest are not enforceable under the SARFAESI Act. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act.

Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code, 2016 ("**Code**") consolidates laws relating to insolvency, reorganisation and liquidation/ bankruptcy of all persons, including companies, individuals, partnership firms and Limited Liability Partnerships ("**LLPs**"). The Code has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The Code prescribes a timeline of 180 days for the insolvency resolution process, which begins from the date the application is admitted by the NCLT. During this period, the creditors and the debtor shall negotiate and finalise a resolution plan (accepted by 75% of the financial creditors) and in the event, they fail, the debtor is placed in liquidation and the moratorium lifted. The Code stipulates an interim-moratorium period which would commence after filing of the application for a fresh start process and shall cease to exist after elapse of a period of 180 days from the date of application. During such period, all legal proceedings against such debtor should be stayed and no fresh suits, proceedings, recovery or enforcement action may be initiated against such debtor. However, the Code has also imposed certain restrictions on the debtor during the moratorium period such as the debtor shall not be permitted to act as a director of any company or be involved in the promotion or management of a company during the moratorium period.

The Securities Contracts (Regulation) Act, 1956, as amended ("SCRA"), and the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR")

The SCRA regulates securities transactions and other related matters. The SCRA governs all grants of recognition for Indian stock exchanges by the central government, corporatisation and demutualisation of stock exchanges and regulation of the stock exchanges, including the regulatory framework governing bylaws of stock exchanges and the circumstances governing withdrawal of recognition. The SCRA also establishes the legal framework governing contracts and options in securities, conditions for listing, delisting and dealing in securities. Additionally, the SCRA has an appeal process that provides for the right to appeal any determination to the securities appellate tribunal, which precludes the jurisdiction of civil courts in India. The SCRR sets forth the rules of procedure with respect to the listing of securities, the grounds for delisting of securities, continuous listing requirements, qualifications for membership of recognised stock exchanges and the submission of periodical returns by recognised stock exchanges with SEBI.

Laws relating to employment

Shops and establishments legislations in various states

The provisions of various shops and establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter-alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Labour Laws

Our Company is required to comply with various labour laws, including the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Laws relating to intellectual property

The Trade Marks Act, 1999 and the Indian Copyright Act, 1957 *inter-alia* govern the law in relation to intellectual property, including brand names, trade names and service marks and research works.

Miscellaneous

*Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 ("**FEMA 20**")*

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion ("**DIPP**"), GoI which is regulated by the relevant ministries of the GoI. The RBI, in exercise of its power under the FEMA, has notified FEMA 20 to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India. FEMA 20 lays down that no prior consent and approval is required from the RBI for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the relevant ministry/ministries of the Government and/or the RBI.

*Foreign Direct Investment ("**FDI**")*

FDI in an Indian company is governed by the provisions of the FEMA read with FEMA 20 and the FDI Policy. FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. Investors are required to file the required documentation with the RBI within 30 days of such issue/acquisition of securities. Under the approval route, prior approval from the relevant ministry/ministries of the Government or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route (other than in prohibited sectors) may be brought in through the approval route.

Further, as per the sector specific guidelines of the Government, 100% FDI/NRI investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard. In case of insurance sector, no Indian insurance company shall allow the aggregate holdings by way of total foreign investment in its equity shares by foreign investors, including portfolio investors, to exceed 49% of the paid-up equity capital of such Indian insurance company. Further, the foreign investment up to 49% of the total paid-up equity of the Indian insurance company shall be allowed on the automatic route subject to approval/verification by the IRDAI.

In addition to the above, our Company is required to comply with the provisions of the Companies Act, 2013, the Foreign Exchange Management Act, 1999, various tax related legislations and other applicable statutes.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

At the meeting of the Board of Directors of our Company, held on November 2, 2018, the Board approved the issue of NCDs to the public in one or more tranches, up to an amount not exceeding ₹1,00,000 lakhs. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by our Shareholders on June 17, 2014.

Prohibition by SEBI

Our Company, persons in control of our Company and/or our Promoter and/or our Directors have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

Our Company, our Directors and/or our Promoters have not been categorised as a wilful defaulter by the RBI, Export Credit Guarantee Corporation of India Limited, any government/regulatory authority and/or by any bank or financial institution nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

Disclaimer clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKERS, EDELWEISS FINANCIAL SERVICES LIMITED AND A.K. CAPITAL SERVICES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS, EDELWEISS FINANCIAL SERVICES LIMITED AND A.K. CAPITAL SERVICES LIMITED, WILL FURNISH TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 29, 2019 WHICH READS AS FOLLOWS:

1. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE TRANCHE I ISSUE OR RELATING TO THE TRANCHE I ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDS OFFERED THROUGH THE TRANCHE I ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE TRANCHE I ISSUE WILL BE GIVEN.**

3. **3. WE CONFIRM THAT THE PROSPECTUS CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED.**

4. **WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 2013, AS AMENDED AND TO THE EXTENT NOTIFIED, SECURITIES CONTRACTS (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

5. **WE CONFIRM THAT NO COMMENTS/COMPLAINTS WERE RECEIVED ON THE DRAFT SHELF PROSPECTUS DATED JANUARY 15, 2019 FILED WITH BSE LIMITED, BEING THE DESIGNATED STOCK EXCHANGE, AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED.**

(for the purposes of due diligence certificate, term 'Prospectus' shall constitute Shelf Prospectus and Tranche I Prospectus).

Disclaimer Clause of NSE

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS GIVEN *VIDE* ITS LETTER REF.: NSE/LIST/72213 DATED JANUARY 23, 2019 PERMISSION TO THE ISSUER TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS DRAFT OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER.

EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION /ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of the BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN *VIDE* ITS LETTER DATED JANUARY 23, 2019, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS THE STOCK EXCHANGE ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

A. **WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**

B. **WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**

C. **TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTER, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS**

COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of the RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED SEPTEMBER 23, 2008 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, THE RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF OUR COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/ DISCHARGE OF LIABILITY BY THE COMPANY.

Track record of past public issues handled by the Lead Managers

The track record of past issues handled by the Lead Manager, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following websites:

Name of Lead Manager	Website
Edelweiss Financial Services Limited	www.edelweissfin.com
A.K. Capital Services Limited	www.akgroup.co.in

Listing

An application has been made to the NSE and the BSE for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by NSE and/or BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Shelf Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within six Working Days from the date of closure of the relevant Issue.

For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Series, such NCDs with Series shall not be listed.

Consents

Consents in writing of: (a) the Directors, (b) our Chief Financial Officer, Company Secretary and Compliance Officer (c) Bankers to our Company (d) Lead Managers; (e) the Registrar to the Issue, (f) Legal Advisor to the Issue, (g) Credit Rating Agencies, (h) CRISL Reports and (i) the Debenture Trustee to act in their respective capacities, have been obtained and the same has been filed along with a copy of this Shelf Prospectus and will be filed along with a copy of the relevant Tranche Prospectus with the RoC. Further, consents from the Bankers to the Issue, Consortium Members, to each respective tranche issue, to act in their respective capacities, shall be obtained and filed along with a copy of the relevant Tranche Prospectus with the RoC.

The consent of our Statutory Auditors of our Company, BSR & Co. LLP has been obtained for inclusion of (a) their name as the Statutory Auditors, (b) the examination reports on Reformatted Standalone Financial Information and Reformatted Consolidated Financial Information, (c) limited review report on the Q2 Unaudited Financial Results and (d) limited review report on the Q3 Unaudited Financial Results, in this Shelf Prospectus and the same has been filed with the Designated Stock Exchange and the Registrar of Companies, West Bengal at Kolkata, along with a copy of this Shelf Prospectus.

The consent of R B S C & Co., chartered accountants, for inclusion of the Statement of Tax Benefits, in this Shelf Prospectus has been filed with the RoC along with a copy of this Shelf Prospectus.

Expert Opinion

Except the following, our Company has not obtained any expert opinions in connection with this Shelf Prospectus:

Our Company has received consent from its Statutory Auditors namely, BSR & Co. LLP, Chartered Accountants to include their name as required under Section 26 of the Companies Act, 2013 and as "expert" as defined under Section 2(38) of the Companies Act, 2013 in this Shelf Prospectus in respect of the examination reports for the Reformatted Financial Information of the Statutory Auditors dated January 14, 2019, the limited review report dated November 2, 2018 on the Q2 Unaudited Financial Results and limited review report dated January 31, 2019 on the Q3 Unaudited Financial Results, included in this Shelf Prospectus and such consent has not been withdrawn as on the date of this Shelf Prospectus. However, the term "expert" shall not be construed to mean an "Expert" as defined under the U.S Securities Act, 1933.

Consent of R B S C & Co., Chartered Accountants, has been obtained for inclusion of the Statement of Tax Benefits, in this Shelf Prospectus and the same has been filed with the Designated Stock Exchange and the Registrar of Companies, West Bengal at Kolkata, along with a copy of this Shelf Prospectus.

Minimum Subscription

In terms of the Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue (as specified in the relevant Tranche Prospectus). If our Company does not receive the minimum subscription of 75% of the Base Issue (as specified in the relevant Tranche Prospectus) as specified in respective Tranche Prospectus(es), within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount shall be refunded to the Applicants within six days from the date of closure of the Issue. In the event, there is a delay, by the Issuer in making the aforesaid refund, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

Filing of this Shelf Prospectus

A copy of this Shelf Prospectus has been filed with the Stock Exchanges in terms of Debt Regulations for dissemination on their respective websites.

Filing of this Shelf Prospectus and Tranche Prospectus with the RoC

Our Company is eligible to file a Shelf Prospectus as per requirements of Section 6A of Debt Regulations. A copy of this Shelf Prospectus has been filed and a copy of the relevant Tranche Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

Debenture Redemption Reserve

Section 71 (4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by Companies (Share Capital and Debentures) Third Amendment Rules, 2016, dated July 19, 2016, further states that 'the adequacy' of DRR for NBFCs registered with the RBI under Section 45-lA of the RBI (Amendment) Act, 1997 shall be 25% of the value of outstanding debentures issued through a public issue as per the Debt Regulations. Accordingly, our Company is required to create a DRR of 25% of the value of the NCDs, outstanding as on date, issued through the Issue. In addition, as per Rule 18 (7) (e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilized by our Company except for the redemption of the NCDs. The Rules further mandate that every company required to maintain DRR shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on 31st day of March of that year.

Issue Related Expenses

The expenses of this Issue including, *inter alia*, lead management fees and selling commission to the Lead Managers, Consortium Members, fees payable to debenture trustees, the Registrar to the Issue, SCSBs' commission/ fees, printing and distribution expenses, legal fees, fees paid to auditors, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

The estimated break-up of the total expenses shall be as specified in the relevant Tranche Prospectus.

Reservation

No portion of this Issue has been reserved

Underwriting

The Issue has not been underwritten.

Revaluation of assets

The Company has not revalued its assets in the last five years.

Mechanism for redressal of investor grievances

The Registrar Agreement dated January 8, 2019 between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least eight years from the last date of despatch of the Allotment Advice, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on application and the bank branch or collection centre where the application was submitted. The contact details of Registrar to the Issue are as follows:

Karvy Fintech Private Limited
(formerly known as KCPL Advisory Services 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
Investor Grievance E-mail: einward.ris@karvy.com
Contact person: M Murali Krishna
SEBI Registration No.: INR000000221*
**The registration is currently under the name of Karvy Computershare Private Limited. Karvy Fintech Private Limited has*

filed an application with the SEBI for registration under its new name, which is currently pending.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of investor grievances will be three Working Days from the date of receipt of the complaint which shall not in any case exceed seven days from the date of receipt of complaint.

Ms. Shabnum Zaman has been appointed as the Compliance Officer and Company Secretary of our Company for this issue.

The contact details of the Company Secretary and Compliance Officer of our Company are as follows:

Shabnum Zaman
Magma House, 24
Park Street, Kolkata 700 016
West Bengal, India
Tel: +91 33 4401 7350/7200
Fax: +91 33 4402 7731
E-mail: secretary@magma.co.in

Change in Auditors of our Company during the last three years

There has been no change(s) in the statutory auditors of our Company in the last 3 (three) financial years preceding the date of this Shelf Prospectus.

Details regarding lending out of Issue proceeds and loans advanced by the Company

A. ***Lending Policy***

Our Company has adopted separate lending/credit policies with respect to our SME finance, asset backed finance and loan against property businesses. Such policies *inter alia* detail the process of lending by our Company (including the process of disbursement and the issuance of sanction letter(s) and execution of documentation), certain standard terms of lending to specified industries, the process of grant of finance, the risk profiling to be done by our Company, the exposure limits to be adhered to by our Company and the risk management procedures to be adhered to by our Company.

B. ***Loans given by the Company***

As on December 31, 2018, except, as mentioned below, our Company has not provided any loans/advances to subsidiaries, associates, entities/persons relating to Board, senior management or its Promoter and Promoter Group:

- Our Company has made a short term loan and advance against premium with Magma HDI. The amount of such short term loan and advance outstanding as on December 31, 2018 was ₹692.60 lakhs.

- Our Company has made an inter-corporate deposit with our Subsidiary, MHFL aggregating to ₹16,500.00 lakhs as on December 31, 2018.

- Our Company has a maintained a security deposit towards rent to Celica Developers Private Limited. The amount of such advance outstanding as on December 31, 2018 was ₹157.16 lakhs.

C. ***Types of loans***

- Types of on book loan given by our Company as on March 31, 2018 are as follows:

S.No	Type of loans	Amount (₹ in lakhs)	Percentage (in %)
1	Secured	8,57,872.00	81.4%
2	Unsecured	1,96,095.98	18.6%
	Total assets under management (AUM)	10,53,967.98	100.0%

- Types of loans according to sectoral exposure of our Company as on March 31, 2018 is as follows:

S. No	Type of loans	AUM (₹ in lakhs)	Percentage of AUM (in %)
1	New Car	3,67,715	26.7%
2	New CE	99,132	7.2%
3	New CV	1,22,428	8.9%
4	Used Assets	2,43,871	17.7%
5	New Tractor	2,54,570	18.5%
6	SME	1,94,311	14.1%
7	LAP	94,526	6.9%
	Total	**13,76,553**	**100.0%**

- Denomination of loans outstanding by ticket size of our Company as on March 31, 2018:

S. No	Ticket Size	% of AUM
1	Up to ₹ 2 lakhs	3.4%
2	₹ 2-5 lakhs	37.8%
3	₹ 5-10 lakhs	20.5%
4	₹ 10-25 lakhs	23.6%
5	₹ 25-50 lakhs	10.4%
6	₹ 50 lakhs-1 crore	2.0%
7	₹ 1-25 crore	2.3%

- Denomination of loans outstanding by LTV of our Company as on March 31, 2018:

S. No	LTV*	% of AUM
1	Up to 40%	0.9%
2	40-50%	1.7%
3	50-60%	5.7%
4	60-70%	14.7%
5	70-80%	27.4%
6	80-90%	23.3%
7	>90%	26.3%
	Total	**100.0%**

**LTV at the time of origination.*

- Geographical classification of the borrowers of our Company as on March 31, 2018:

Top five states	% of AUM
Delhi/NCR	10.2%
Andhra Pradesh	9.2%
Jharkhand and Bihar	8.1%
Rajasthan	7.6%
Maharashtra	7.4%

- Maturity profile of on book portfolio of our Company as on March 31, 2018 is as follows:

(₹ in lakhs)

Period	Amount
Less than 1 month	59,470.40
1-2 months	29,746.86
2-3 months	34,452.69
3-6 months	87,121.50
6 months -1 year	1,65,778.47
1-3 years	4,35,218.40
3-5 years	1,51,118.74
Above 5 years	91,060.92
Total	**10,53,967.98**

D. ***Aggregated advances to top 20 borrowers with respect to concentration of advances as on March 31, 2018:***

(₹ in lakhs)

	Amount
Total Advances to twenty largest borrowers	25,786.56
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	2.4%

E. ***Details of loans overdue and classified as non – performing in accordance with the RBI guidelines:***

(₹ in lakhs)

Movement of gross NPAs* as on March 31, 2018	Amount
(a) Opening balance	89,684.10
(b) Additions during the year	61,248.20
(c) Reductions during the year	49,311.23
(d) Closing balance	1,01,621.07

** The movement includes provision for diminution in fair value of restructured loans.*

(₹ in lakhs)

Movement of provisions for NPAs as on March 31, 2018	Amount
(a) Opening balance	15,859.20
(b) Provisions made during the year	7,459.57
(c) Write-off / write -back of excess provisions	(3,476.95)
(d) Closing balance	26,795.72

F. ***Segment –wise gross NPA of our Company as on March 31, 2018:***

S. No.	Segment- wise breakup of gross NPAs	Gross NPA (%)
1	Car	6.2%
2	CE	7.1%
3	CV	4.1%
4	SME	3.4%
5	Used Assets	5.2%
6	Tractor	16.4%
7	LAP	6.1%
8	Total	7.4%

G. ***Classification of borrowings of our Company as on March 31, 2018:***

S. No	Type of Borrowings	Amount (₹ in lakhs)	Percentage
1	Secured*	7,09,049.72	81.8%
2	Unsecured**	1,57,659.99	18.2%
	Total	8,66,709.71	100.0%

**Secured Borrowings represents Redeemable non-convertible Debentures, Term loan from banks and financial institutions, Cash credit facilities and working capital demand loan.*

***Unsecured borrowing represents Subordinated non-convertible perpetual debentures, Subordinated redeemable non-convertible debentures and Subordinated debt from banks and Commercial papers.*

H. ***Promoter Shareholding***

There is no change in promoter holdings in the Company beyond the threshold level stipulated at 26% during the last financial year.

I. ***Asset Liability Management Maturity pattern of certain items of Assets and Liabilitiesas on March 31, 2018:***

(₹ in lakhs)

	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	over 3 to 5 years	Over 5 Years	Total
Deposits placed*	3,440.57	1,325.42	728.49	9,196.22	15,169.70	2,000.73	311.64	-	32,172.77
Advances**	64,754.86	29,758.81	34,462.28	87,144.97	1,65,805.23	4,45,441.75	1,51,119.10	91,850.07	10,70,337.07
Investments	568.08	567.65	591.30	1.802.52	2,974.51	5,592.46	6,438.24	28,695.34	47,230.10
Borrowings***	29,709.06	54,963.29	50,252.10	58,315.39	1,29,066.88	3,30,315.51	1,32,542.98	81,544.49	8,66,709.70
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

** includes deposits from corporates and interest payable and unclaimed matured deposit.*
*** net of provision for non-performing assets and provision for diminution in fair value of restructured loans.*
**** excludes deposits.*

J. ***Utilisation of Issue Proceeds of the previous issues by the Company:***

Neither our Company nor any of our group companies have undertaken a prior public issue of debentures. Further our Company has utilised the funds that were raised pursuant to the qualified institutions placement as per the objects of the issue as diclosed in the placement document.

K. ***Details regarding the Company and other listed companies under the same management within the meaning of section 370(1B) of the Companies Act, 1956 which made any capital issue by way of public issue during the last three years***

Nil

Caution

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

a. makes or abets making of an application in a fictitious name to a company for acquiring or subscribing for, its securities; or

b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

c. otherwise induces directly or indirectly a company to allot, or register any transfer of securities to him, or any other person in a fictitious name shall be liable for action under section 447."

SECTION VII - ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The following are the details of the principal terms and conditions of the Issue. This section should be read in conjunction with, and is qualified in its entirety by, the further details in the sections titled "*Terms of the Issue*" on page 381 and "*Issue Procedure*" on page 394.

Common Terms and Conditions of the NCDs:

Issuer	Magma Fincorp Limited
Type of instrument/ Name of the security/ Seniority	Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,000. The claims of Secured NCDs Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and /or regulatory requirements. The Secured NCDs would constitute secured obligations of our and shall rank *pari passu inter se*, to the claims of other creditors of Company having same security.
Nature of the instrument	Secured Redeemable Non-Convertible Debenture
Mode of the issue	Public issue
Lead Managers	Edelweiss Financial Services Limited, A.K. Capital Services Limited
Debenture Trustee	Catalyst Trusteeship Limited
Depositories	NSDL and CDSL
Registrar	Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited)
Base Issue	As specified in the relevant Tranche Prospectus for each Tranche Issue
Option to retain Oversubscription Amount	As specified in the relevant Tranche Prospectus for each Tranche Issue
Eligible investors	Please see "*Issue Procedure – Who can apply*?" on page 395
Objects of the Issue	Please see "*Objects of the Issue*" on page 60
Details of utilization of the proceeds	Please see "*Objects of the Issue*" on page 60
Interest rate for each category of investors	As specified in the relevant Tranche Prospectus for each Tranche Issue
Step up/ Step down interest rates	As specified in the relevant Tranche Prospectus for each Tranche Issue
Interest type	As specified in the relevant Tranche Prospectus for each Tranche Issue
Interest reset process	As specified in the relevant Tranche Prospectus for each Tranche Issue
Issuance mode of the instrument	Dematerialised form
Frequency of interest payment	As specified in the relevant Tranche Prospectus for each Tranche Issue
Interest Payment Date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Day count basis	Actual/ Actual
Interest on application money	As specified in the relevant Tranche Prospectus for each Tranche Issue
Default interest rate	Our Company shall pay interest in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws
Tenor	As specified in the relevant Tranche Prospectus for each Tranche Issue
Redemption Date/ Maturity Date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Redemption Amount	As specified in the relevant Tranche Prospectus for each Tranche Issue
Redemption premium/ discount	As specified in the relevant Tranche Prospectus for each Tranche Issue
Face value	₹ 1,000 per NCD

Issue Price (in ₹)	As specified in the relevant Tranche Prospectus for each Tranche Issue
Discount at which security is issued and the effective yield as a result of such discount.	As specified in the relevant Tranche Prospectus for each Tranche Issue
Put option date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Put option price	As specified in the relevant Tranche Prospectus for each Tranche Issue
Call option date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Call option price	As specified in the relevant Tranche Prospectus for each Tranche Issue
Put notification time.	As specified in the relevant Tranche Prospectus for each Tranche Issue
Call notification time	As specified in the relevant Tranche Prospectus for each Tranche Issue
Minimum Application size and in multiples of NCD thereafter	As specified in the relevant Tranche Prospectus for each Tranche Issue
Market Lot/ Trading Lot	One NCD
Pay-in date	Application Date. The entire Application Amount is payable on Application.
Credit ratings	The NCDs proposed to be issued under this Issue have been rated 'BWR AA (pronounced as BWR Double A) (Outlook: Stable)' by Brickworks for an amount of up to ₹ 1,00,000 lakhs *vide* its letter dated December 21, 2018 and 'ACUITE AA/Stable' by Acuité for an amount of up to ₹ 1,00,000 lakhs vide its letter dated December 28, 2018. The rating of the NCDs by Brickworks and Acuité indicate that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk. The ratings provided by Brickworks and/or Acuité may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings by Brickworks and Acuité are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to Annexures A and B of this Shelf Prospectus for the rationale for the above ratings.
Listing	The NCDs are proposed to be listed on BSE and the NSE. The NCDs shall be listed within 6 Working Days from the date of Issue Closure.
Issue size	As specified in the respective Tranche Prospectus
Modes of payment	Please see "*Issue Procedure – Terms of Payment*" on page 406
Trading mode of the instrument	In dematerialised form only
Issue opening date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Issue closing date*	As specified in the relevant Tranche Prospectus for each Tranche Issue
Record date	15 (fifteen) days prior to the relevant Interest Payment Date, relevant Redemption Date for NCDs issued under the relevant Tranche Prospectus. or as may be otherwise specified by the Stock Exchanges. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the record date and the date of redemption. In event the Record Date falls on a Sunday or holiday of Depositories, the succeeding working day or a date notified by the Company to the stock exchanges shall be considered as Record Date.
Security and Asset Cover	The principal amount of the NCDs to be issued in terms of the Draft Shelf Prospectus, this Shelf Prospectus and respective Tranche Prospectus(es) together with all interest due on the NCDs in respect thereof shall be secured by way of an exclusive charge on identified receivables of our Company and a *pari passu* charge in favour of the Debenture Trustee on an identified immovable property of our Company, as may be decided mutually by our Company and/or the Debenture Trustee at the time of filing of relevant Tranche Prospectus. Our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100% asset cover for the NCDs (along with the interest due thereon). For further details please see "*Terms of the Issue – Security*" on page 382.
Transaction/ Issue documents	The Draft Shelf Prospectus, this Shelf Prospectus, the relevant Tranche Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and other documents, if applicable, and various other documents/

	agreements/ undertakings, entered or to be entered by our Company with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Issue Agreement, Debenture Trust Deed, the Debenture Trustee Agreement, the Tripartite Agreements. For further details, please see "*Material Contracts and Documents for Inspection*" on page 421.
Conditions precedent to disbursement	Other than the conditions specified in the Debt Regulations, there are no conditions precedents to disbursement.
Conditions subsequent to disbursement	Other than the conditions specified in the Debt Regulations, there are no conditions subsequent to disbursement.
Events of default / cross default	Please see "*Terms of the Issue – Events of Default*" on page 382.
Deemed date of Allotment	The date on which the Board of Directors/or the Management Committee of the Board approves the Allotment of the NCDs for each Tranche Issue or such date as may be determined by the Board of Directors/ or the Management Committee of the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debenture Holders from the Deemed Date of Allotment
Roles and responsibilities of the Debenture Trustee	Please see "*Terms of the Issue – Trustees for the NCD Holders*" on page 382.
Governing law and jurisdiction	The governing law and jurisdiction for the purpose of the Issue shall be Indian law, and the competent courts of jurisdiction in Kolkata, India, respectively.
Working day convention	If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment

**The subscription list shall remain open for subscription on Working Days from 10:00 a.m. to 5.00 p.m. (Indian Standard Time) with an option for early closure or extension by such period, as may be decided by the Board or the Management Committee of the Board. In the event of such early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a leading daily national newspaper on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, on Working Days during the Issue Period. On the relevant Tranche Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges.*

SPECIFIC TERMS AND CONDITIONS IN CONNECTION WITH EACH SERIES OF NCDs:

As specified in the relevant Tranche Prospectus.

Terms of payment

The entire amount of value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms of specified in **"***Issue Procedure – Manner of Payment of Interest/ Redemption Amounts***"** on page 388**.**

Participation by any of the Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue. For further details, please see the chapter titled "*Issue Procedure*" on page 394.

TERMS OF THE ISSUE

Authority for the Issue

This Issue has been authorized by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on November 2, 2018. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by our Shareholders' *vide* their resolution passed through postal ballot on June 17, 2014.

Principal Terms & Conditions of the Issue

The NCDs being offered as part of the Issue are subject to the provisions of the Debt Regulations, the Act, the Memorandum and Articles of Association of our Company, the terms of this Shelf Prospectus and the relevant Tranche Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/Ministry of Corporate Affairs/ the Government of India/BSE/NSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs would constitute secured obligations of the Company and shall rank *pari passu* inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables/assets of our Company and/or *pari passu* charge on an identified immovable property of the Company, as may be decided mutually by our Company and the Debenture Trustee at the time of filing of relevant Tranche Prospectus. Our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets equal to the value one time of the debentures outstanding plus interest accrued thereon, and subject to any obligations under applicable statutory and/or regulatory requirements. The claims of the NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements. The NCDs proposed to be issued under the Issue and all earlier issues of secured debentures outstanding in the books of our Company having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption.

Our Company has obtained the requisite consent for ceding *pari passu* charge from the debenture trustee for the secured redeemable non-convertible debentures issued by our Company.

Debenture Redemption Reserve

Pursuant to Regulation 16 of the Debt Regulations and Section 71 (4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by Companies (Share Capital and Debentures) Third Amendment Rules, 2016, dated July 19, 2016, further states that 'the adequacy' of DRR for NBFCs registered with the RBI under Section 45-lA of the RBI (Amendment) Act, 1997 shall be 25% of the value of outstanding debentures issued through a public issue as per the Debt Regulations.

Accordingly, our Company is required to create a DRR of 25% of the value of the NCDs, outstanding as on date, issued through the Issue. In addition, as per Rule 18 (7) (e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. The Rules further mandate that every company required to maintain DRR shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year, in terms of the Applicable Laws.

Face Value

The face value of each NCD shall be ₹1,000.

Security

The principal amount of the NCDs to be issued in terms of this Shelf Prospectus and respective Tranche Prospectus(es) together with all interest due on the NCDs in respect thereof shall be secured by way of exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables/assets of our Company and/or pari passu charge on an identified immovable property of the Company, as may be decided mutually by our Company and the Debenture Trustee at the time of filing of relevant Tranche Prospectus. Our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100% asset cover for the NCDs (along with the interest due thereon).

Debenture Trust Deed

Our Company intends to enter into an indenture/deed with the Debenture Trustee, ('**Debenture Trust Deed**'), the terms of which will govern the powers, authorities and obligations of the Debenture Trustee. Our Company proposes to complete the execution of the Debenture Trust Deed within one month of the relevant Tranche Issue Closing Date and shall utilize the funds only after the stipulated security has been created.

Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the NCD Holders the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on NCDs on the rate specified in the relevant Tranche Prospectus(es) and in the Debenture Trust Deed. The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security and replace with another asset of the same or a higher value.

Trustees for the NCD Holders

We have appointed Catalyst Trusteeship Limited to act as the Debenture Trustee for the NCD Holders in terms of Regulation 4(4) of the Debt Regulations and Section 71 (5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust Deed, inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us pro tanto to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default:

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular Series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice inter alia if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed:

1. Default is committed in payment of the principal amount of the NCDs on the due date(s); and
2. Default is committed in payment of any interest on the NCDs on the due date(s).

NCD Holder not a Shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the Debt Listing Agreement and the Securities and Exchange Board of India (Listing Obligations and Disclosure Obligations) Regulations, 2015.

Rights of NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided in the Act, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered NCD Holders for their consideration. In terms of Section 136 (1) of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to our Company.

2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered NCD Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.

4. The NCDs are subject to the provisions of the Debt Regulations, the Act, the Memorandum and Articles of Association of our Company, the terms of the Draft Shelf Prospectus, this Shelf Prospectus, the relevant Tranche Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.

5. The Depositories shall maintain the up to date record of holders of the NCDs. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial owners of the NCDs maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be a Register of NCD Holders for this purpose. All interest and principal sums becoming due and payable in respect of the Secured NCDs will be paid to the person whose name appears for the time being in the register of beneficial owners of the Depository.

6. A register of NCD Holders holding NCDs in physical form pursuant to rematerialisation ("**Register of NCD Holders**") will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of NCD Holders as on the Record Date.

7. Subject to compliance with RBI requirements, NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 21 days prior notice for such roll over and in accordance with the Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD Holders are merely indicative. The final rights of the NCD Holders will be as per the terms of this Shelf Prospectus, the relevant Tranche Prospectus(es) and the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

Nomination facility to NCD Holder

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 ("**Rule 19**") and the Companies Act, 2013, the sole NCD Holder, or first NCD Holder, along with other joint NCD Holders' (being individual(s)), may nominate, in the **Form No. SH.13,** any one person in whom, in the event of the death of Applicant the NCDs Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No.SH.13** any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs, except that he shall not, before being registered as a NCD Holder in respect of such NCDs, be entitled in respect of these NCDs to exercise any right conferred by subscription to the same in relation to meetings of the NCD Holders convened by our Company. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in **Form No. SH.14**, any person to become entitled to NCDs in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office, Corporate Office or with the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of NCDs; or
- to make such transfer of the NCDs, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For all NCDs held in the dematerialized form, nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialized form.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the NCD Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

Since the allotment of NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kolkata, India.

Application in the Issue

In terms of Regulation 4(2)(d) of the Debt Regulations, our Company will make public issue of the NCDs in the dematerialised form. Further, the trading of the NCDs too shall only be in dematerialised form.

However, in terms of Section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

Form of Allotment and Denomination of NCDs

As per the Debt Regulations, the trading of the NCDs on the Stock Exchanges shall be in dematerialized form only in multiples of one (1) NCD ("**Market Lot**"). Allotment in the Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

For details of allotment please see "*Issue Procedure*" on page 394.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/ CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Company or Registrar.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 ("**SEBI LODR IV Amendment**") read with SEBI Press release (no. 49/ 2018) dated December 3, 2018, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from April 1, 2019. However, any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialised form only.

Please see "- *Interest/ Premium*" on page 387 for the implications on the interest applicable to NCDs held by Individual Investors on the Record Date and NCDs held by Non-Individual Investors on the Record Date.

Title

In case of:

- the NCDs held in the dematerialised form, the person for the time being appearing in the record of beneficial owners maintained by the Depository; and

- the NCD held in physical form, pursuant to any rematerialisation, the person for the time being appearing in the Register of NCD Holders as NCD Holder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes regardless of any notice of ownership, trust or any interest in it or in case of NCD Holders holding NCDs in physical form on account of re-materialisation any writing on, theft or loss of the Consolidated NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the NCD Holder.

No transfer of title of NCD will be valid unless and until entered on the Register of NCD Holders or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, the Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of the Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.

2. Proof that the non-resident Indian is an Indian national or is of Indian origin.

3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for Re-materialization of NCDs

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. **Holders of NCDs who propose to rematerialize their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialization of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialization.**

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to the Issue. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 ("**SEBI LODR IV Amendment**"), read with SEBI Press release 49/ 2018, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from April 1, 2019.

Period of Subscription

ISSUE PROGRAMME*	
ISSUE OPENS ON	As specified in Tranche Prospectus
ISSUE CLOSES ON	As specified in Tranche Prospectus

** The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated in the relevant Tranche Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or duly constituted committee, namely the Management Committee of the Board ("**Management Committee**"), as the case may be, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a leading daily national newspaper with wide circulation on or before such earlier or initial date of Issue closure. On the relevant Tranche Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchanges. For further details please see "General Information" on Q 47.*

Application Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (a) by the Designated

Intermediaries at the Collection Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. On the relevant Tranche Issue Closing Date, Application Forms will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchanges.

Due to limitation of time available for uploading the Application Forms on the relevant Tranche Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the relevant Tranche Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the relevant Tranche Issue Closing Date. Applicants are cautioned that in the event a large number of Application Forms are received on the relevant Tranche Issue Closing Date, there may be some Application Forms which are not uploaded due to lack of sufficient time to upload. Such Application Forms that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Designated Intermediaries and the SCSBs are liable for any failure in uploading the Application Forms due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on a date priority basis in accordance with SEBI Circular dated October 29, 2013.

Interest/Premium

As specified in the relevant Tranche Prospectus.

Basis of payment of interest

NCDs once allotted under any particular Series of NCDs shall continue to bear the applicable Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of NCD Holder on any Record Date, and such tenor, coupon/yield and redemption amount as at the time of original allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the investors. In such cases, interest, on the Interest Payment Date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Refer to the paragraph on *"Issue Procedure – Manner of Payment of Interest/ Refund/ Redemption Amounts"* on page 388.

Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Shelf Prospectus and the relevant Tranche Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention:

Interest shall be computed on actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the "**Effective Date**"), however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments.

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 will be a disclosed in the relevant Tranche Prospectus.

Maturity and Redemption

As specified in the relevant Tranche Prospectus(es).

Put / Call Option

As specified in the relevant Tranche Prospectus(es).

Application Size

As specified in the relevant Tranche Prospectus(es).

Applicants can apply for any or all types of NCDs offered hereunder (any/all Series) using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹1,000 per NCD is blocked in the ASBA Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of this Shelf Prospectus and the relevant Tranche Prospectus.

Manner of Payment of Interest / Refund / Redemption Amounts

For NCDs held in dematerialized form

The bank details will be obtained from the Depositories for payment of Interest / redemption amount as the case may be. Holders of the NCDs, are advised to keep their bank account details as appearing on the records of the depository participant updated at all points of time. Please note that failure to do so could result in delays in credit of Interest/ Redemption Amounts at the Applicant's sole risk, and the Lead Managers, our Company or the Registrar shall have no any responsibility and undertake no liability for the same.

For NCDs held in physical form on account of re-materialization:

In case of NCDs held in physical form, on account of re-materialization, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. Please see *"Procedure for Re-materialization of NCDs"* on page 386 for further details.

The mode of payment of Interest / Redemption Amount shall be undertaken in the following order of preference:

1. **Direct Credit/ NACH/ RTGS:** Investors having their bank account details updated with the Depository shall be eligible to receive payment of Interest / Redemption Amount, through:

   (i) **Direct Credit**. Interest / Redemption Amount would be credited directly to the bank accounts of the Investors, if held with the same bank as the Company.

   (ii) **NACH:** National Automated Clearing House which is a consolidated system of ECS. Payment of Interest / Redemption Amount would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of Interest / Redemption Amount through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the Interest / Redemption Amount through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get Interest / Redemption Amount through NEFT or Direct Credit or RTGS.

   (iii) **RTGS:** Applicants having a bank account with a participating bank and whose Interest / Redemption Amount exceeds ₹2 lakhs, or such amount as may be fixed by RBI from time to time, have the option to receive the Interest / Redemption Amount through RTGS. Such eligible Applicants who indicate their preference to receive Interest / Redemption Amount through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrars to the Issue at least 7 (seven) days before the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, Interest / Redemption Amount shall be made through NECS subject to availability of complete bank account details for the same as stated above.

   (iv) **NEFT:** Payment of interest / redemption shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a Magnetic Ink Character Recognition ("**MICR**"), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of the Interest / Redemption Amounts, duly mapped with MICR numbers. Wherever the Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of Interest / Redemption Amount will be made to the Applicants through this method.

2. **Registered Post/Speed Post:** For all other NCD Holders, including those who have not updated their bank particulars with the MICR code, the Interest Payment / Redemption Amount shall be paid by way of Interest/ Redemption warrants dispatched through Speed Post/ Registered Post only to Applicants that have provided details of a registered address in India.

Printing of Bank Particulars on Interest/ Redemption Warrants

As a matter of precaution against possible fraudulent encashment of Interest/ Redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs held dematerialised form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form on account of rematerialisation, the investors are advised to submit their bank account details with our Company / Registrar at least seven (seven) days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCD as available in the records of our Company. Bank account particulars will be printed on the warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Procedure for Redemption by NCD Holders

The procedure for redemption is set out below:

NCDs held in electronic form:

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in electronic form:

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to Reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Sharing of Information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Chennai and/or will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, with prior written consent of, or intimation to, the Debenture Trustee in this connection and ensure that adequate security cover is maintained at all times.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

d) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
e) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
f) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 20 lakh or with both.

Pre-closure

Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the relevant Tranche Issue Closing Date, subject to receipt of minimum subscription or as may be specified in the relevant Tranche Prospectus. Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the relevant Tranche Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

Minimum Subscription

In terms of the Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75% of the Base Issue within the prescribed timelines under Companies Act and any rules thereto, the entire subscription amount blocked in the ASBA Accounts shall be unblocked within six Working Days from the date of closure/ withdrawal of the Issue.

Utilisation of Application Amount

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

Utilisation of Issue Proceeds

(a) All monies received pursuant to the Issue shall be transferred to a separate bank account with a scheduled commercial bank as referred to in sub-section (3) of section 40 of the Companies Act, 2013.

(b) We shall utilize the Issue proceeds only upon execution of the documents for creation of security as stated in this Shelf Prospectus and the relevant Tranche Prospectus and on receipt of the minimum subscription and receipt of listing and trading approval from Stock Exchange(s).

(c) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property or in the purchase of any business or in the purchase of an interest in any business.

(d) Details of all monies utilised out of the Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised;

(e) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

Filing of this Shelf Prospectus and Tranche Prospectus with the RoC

A copy of this Shelf Prospectus has been filed and a copy of the relevant Tranche Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the relevant Tranche Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of this Shelf Prospectus and the relevant Tranche Prospectus with ROC and the date of release of the statutory advertisement will be included in the statutory advertisement.

Listing

The NCDs to be offered through this Shelf Prospectus and the relevant Tranche Prospectus are proposed to be listed on the BSE and the NSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* their letter dated January 23, 2019 and from NSE *vide* their letter dated January 23, 2019. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchanges are taken within six Working Days of the relevant Tranche Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Series, such Series(s) of NCDs shall not be listed.

Guarantee/Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Arrangers

No arrangers have been appointed for the Issue

Monitoring & Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the Debt Regulations. Our Board shall monitor the utilization of the proceeds of the Issue. Commencing from Fiscal 2019, our Company will disclose in our quarterly financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

Lien

Not Applicable

Pledge of NCDs

Subject to applicable laws, our Company, at its discretion, may note a lien or pledge of the NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

ISSUE PROCEDURE

This chapter applies to all Applicants. Pursuant to the circular (CIR/DDHS/P/121/2018) dated August 16, 2018 issued by SEBI, all Applicants are required to apply for the Issue through the ASBA process and an amount equivalent to the full Application Amount as mentioned in the Application Form will be blocked by the Designated Branches of the SCSBs.

Applicants should note that they may submit their Application Forms at (i) the Designated Branches of the SCSBs or (ii) at the Collection Centres, i.e. to the respective Members of the Consortium at the Specified Locations, the Trading Members at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations. For further information, please see "- Submission of Completed Application Forms" on page 407.

Applicants are advised to make their independent investigations and ensure that their Application do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in the Draft Shelf Prospectus and this Shelf Prospectus.

*Please note that this section has been prepared based on the circular no. CIR./IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI ("**Debt Application Circular**") as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI ("**Debt ASBA Circular**").*

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility as provided for in the Debt Application Circular have been sought from the Stock Exchanges and the Stock Exchanges have confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchanges. Hence, the Direct Online Application facility will not be available for the Issue.

THE DESIGNATED INTERMEDIARIES (OTHER THAN TRADING MEMBERS), SCSBs AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITIES OF SUCH TRADING MEMBERS INCLUDING BUT NOT LIMITED TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN THE ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGES SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATION THROUGH TRADING MEMBERS REGISTERED WITH SUCH STOCK EXCHANGE.

For purposes of the Issue, the term "Working Day" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to the Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from the Issue Closure to listing of the NCDs on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018.

The information below is given for the benefit of the investors. Our Company and the Members of Consortium are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Shelf Prospectus.

PROCEDURE FOR APPLICATION

Availability of this Shelf Prospectus, relevant Tranche Prospectus(es), Abridged Prospectus and Application Forms.

Please note that there is a single Application Form for Applicants who are Persons Resident in India.

Physical copies of the abridged Shelf Prospectus containing the salient features of this Shelf Prospectus, the respective Tranche Prospectus together with Application Forms may be obtained from:

(a) Our Company's Registered Office and Corporate Office;
(b) Offices of the Lead Managers/ Consortium Members;
(c) the CRTA at the Designated RTA Locations;

(d) the CDPs at the Designated CDP Locations;
(e) Trading Members at the Broker Centres; and
(f) Designated Branches of the SCSBs.

Electronic copies of this Shelf Prospectus and the relevant Tranche Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Managers, the Stock Exchanges, SEBI and the SCSBs.

Our Company and/ or the Lead Managers shall provide a physical copy of this Shelf Prospectus to any Bidder who makes a request for a physical copy of this Shelf Prospectus.

Electronic Application Forms may be available for download on the websites of the Stock Exchanges and on the websites of the SCSBs that permit submission of Application Forms electronically. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the websites of the Stock Exchanges. Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders. Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Further, Application Forms will be provided to Trading Members of the Stock Exchanges at their request.

Who can apply?

The following categories of persons are eligible to apply in the Issue:

Category I	**Category II**	**Category III**	**Category IV**
Institutional Investors	**Non Institutional Investors**	**High Net-worth Individual, ("HNIs"), Investors**	**Retail Individual Investors**
• Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorized to invest in the NCDs; • Provident funds, pension funds with a minimum corpus of ₹2,500 lakhs, superannuation funds and gratuity funds, which are authorized to invest in the NCDs; • Mutual Funds registered with SEBI • Venture Capital Funds/ Alternative Investment Fund registered with SEBI; • Insurance Companies registered with IRDA; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts of the Union of India;	• Companies within the meaning of section 2(20) of the Companies Act, 2013; statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Co-operative banks and regional rural banks • Public/private charitable/ religious trusts which are authorised to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);	• Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10 lakhs across all series of NCDs in the Issue	• Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10 lakhs across all series of NCDs in the Issue

Category I	Category II	Category III	Category IV
Institutional Investors	**Non Institutional Investors**	**High Net-worth Individual, (“HNIs”), Investors**	**Retail Individual Investors**
• Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net-worth of more than ₹50,000 lakhs as per the last audited financial statements; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;	• Association of Persons; and • Any other incorporated and/ or unincorporated body of persons.		

Please note that it is clarified that Persons Resident outside India shall not be entitled to participate in the Issue and any Application Forms received from such persons are liable to be rejected.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/ approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.

The Members of Consortium and their respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

The following categories of persons, and entities, shall not be eligible to participate in the Issue and any Application from such persons and entities are liable to be rejected:

(a) Minors without a guardian name*(A guardian may apply on behalf of a minor. However, Application by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);

(b) Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;

(c) Persons resident outside India and other foreign entities;

(d) Foreign Institutional Investors;

(e) Foreign Portfolio Investors;

(f) Foreign Venture Capital Investors;

(g) Qualified Foreign Investors;

(h) Overseas Corporate Bodies; and

(i) Persons ineligible to contract under applicable statutory/regulatory requirements.

**Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Based on the information provided by the Depositories, our Company shall have the right to accept Application Forms belonging to an account for the benefit of a minor (under guardianship). In case of such Application, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.

Please see "- *Rejection of Applications*" on page 409 for information on rejection of Applications.

Method of Application

In terms of the Debt ASBA Circular, an eligible investor desirous of applying in the Issue can make Applications through the ASBA mechanism only. Accordingly, all Applicants shall mandatorily apply in the Issue through the ASBA process only.

Physical ASBA Application

Applicants intending to subscribe in the Issue using physical ASBA form shall submit a duly filled Application form to any of the Designated Intermediaries.

Applicants should submit the Application Form only at the Bidding Centres, i.e. to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at http://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to the Issue should be made by Applicants directly to the relevant Stock Exchange.

Electronic ASBA Application with SCSBs

In case of Application being made in the electronic mode, the Applicant shall submit the electronic Application Form, available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Issue Opening Date, either through the internet banking facility made available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.

APPLICATIONS FOR ALLOTMENT OF NCDs

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 ("**SEBI Circular 2016**"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Application by Systemically Important Non- Banking Financial Companies

Systemically Important Non- Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s). **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor**.

Application by Commercial Banks, Co-operative Banks and Regional Rural Banks

Commercial Banks, Co-operative banks and Regional Rural Banks can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.**

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time including the IRDAI Investment Regulations.

Application by Indian Alternative Investment Funds

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of SEBI registration certificate. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) Power of Attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or **regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Public Financial Institutions or Statutory Corporations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of incorporation/ registration under any Act/Rules under which they are incorporated; **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by National Investment Fund

The application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of the registration under the Act/ Rules under which they are incorporated. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of the registration under the Act/ Rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)

The Application must be accompanied by certified true copies of certified copy of certificate of the Partnership Deed or registration issued under the Limited Liability Partnership Act, 2008, as applicable. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non-Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants who are HNI Investors or Retail Individual Investors, a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company, the Lead Managers may deem fit.**

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

APPLICATIONS FOR ALLOTMENT OF NCDs

Submission of Applications

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Managers and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by and/or uploaded by and/or accepted but not uploaded by Members of the Consortium, Trading Members, Registered Brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount payable on Application has been blocked in the relevant ASBA Account.The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Applications can be submitted through either of the following modes:

(a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange.** If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application.

    In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.

(b) Physically through the Designated Intermediaries at the respective Bidding Centres. Kindly note that above Applications submitted to any of the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the Application Form, has not named at least one branch at that Bidding Center where the Application Form is submitted (a list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchanges and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. **If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected.** If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

(a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries (other than Trading Members of the Stock Exchanges) at the respective Collection Centers; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchanges at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the electronic version of this Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.

(b) The Designated Branches of the SCSBs shall accept Applications directly from Applicants only during the Issue Period. The SCSB shall not accept any Application directly from Applicants after the closing time of acceptance of Applications on the relevant Tranche Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the relevant Tranche Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please see "*Issue Structure*" on page 377.

(c) **Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.**

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialized form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions contained in this Shelf Prospectus, as disclosed in the relevant Tranche Prospectus and the Application Form.
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.
- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.
- Applicants must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchanges by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.
- Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs of the same series or across different series. Applicants may apply for one or more series of NCDs Applied for in a single Application Form.
- If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form

for the records of the Applicant.

- Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be.
- Every Applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.
- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form.
- All Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for allotment.

Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

Our Company would allot the series of NCDs, as specified in the relevant Tranche Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

B. Applicant's Beneficiary Account Details

Applicants must mention their DP ID and Client ID in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic system of the Stock Exchanges do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards demat credit of NCDs. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in demat credit and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue nor the Stock Exchanges will bear any responsibility or liability for the same.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the demographic details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to the Issue will be made into the accounts of such Applicants. **Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.**

C. Permanent Account Number (PAN)

The Applicant should mention his or her Permanent Account Number (PAN) allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.**

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN Field i.e. either Sikkim category or exempt category.

D. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications all interest / redemption amount payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

E. **Additional/ Multiple Applications**

An Applicant is allowed to make one or more Applications for the NCDs for the same or other series of NCDs, subject to a minimum application size as specified in the relevant Tranche Prospectus and in multiples of thereafter as specified in the relevant Tranche Prospectus. **Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected.** However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹ 10 lakhs shall be deemed such individual Applicant to be an HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the basis of allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Do's and Don'ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do's

1. Check if you are eligible to apply as per the terms of this Shelf Prospectus, the relevant Tranche Prospectus and applicable law;

2. Read all the instructions carefully and complete the Application Form in the prescribed form.

3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to the Issue.

4. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN

available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details is mandatory for all Applicants.

5. Ensure that you have mentioned the correct ASBA Account number in the Application Form.

6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder.

7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.

8. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB.

9. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Collection Centre.

10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.

11. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

12. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta.

13. Ensure that the Applications are submitted to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the relevant Tranche Issue Closing Date. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 52.

14. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same.

15. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

16. All Applicants should choose the relevant option in the column "Category of Investor" in the Application Form.

17. Choose and mark the series of NCDs in the Application Form that you wish to apply for.

In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.

SEBI Circular No. CIR/DDHS/P/121/2018 dated August 16, 2018 stipulating the time between closure of the Issue and listing at not more than 6 (six) Working Days. In order to enable compliance with the above timelines, investors are advised to use ASBA facility only to make payment.

Don'ts:

1. Do not apply for lower than the minimum application size.

2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest.

3. Do not send Application Forms by post. Instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be.

4. Do not submit the Application Form to any non-SCSB bank or our Company.

5. Do not apply through an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.

6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.

7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

8. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.

9. Do not submit the Application Form without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account;

10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.

11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.

12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.

13. Do not submit Applications to a Designated Intermediary at a location other than Collection Centers**;**

14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.

15. Do not apply if you are a person ineligible to apply for NCDs under the Issue including Applications by Persons Resident Outside India, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA).

16. Do not make an application of the NCD on multiple copies taken of a single form.

17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.

18. Do not submit more than five Application Forms per ASBA Account.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries, to deposit such Application Forms (A list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

Please see "- *Rejection of Applications*" on page 409 for information on rejection of Applications.

TERMS OF PAYMENT

The Application Forms will be uploaded onto the electronic system of the Stock Exchanges and deposited with the relevant branch of the SCSB at the Collection Centers, named by such SCSB to accept such Applications from the Designated Intermediaries, as the case may be (a list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs to unblock the excess amount in the ASBA Account.

For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application to the Designated Intermediaries or to the Designated Branches of the SCSBs. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within six Working Days of the relevant Tranche Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application, as the case may be.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
Applications	(i) If using physical Application Form, (a) to the Designated Intermediaries at relevant Collection Centres, or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or (ii) If using electronic Application Form, to the SCSBs, electronically through internet banking facility, if available.

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slips which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

(a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchange. **The Members of Consortium, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, or (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange.**

    In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for allotment/rejection of Application.

(b) The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on the relevant Tranche Issue Closing Date. On the relevant Tranche Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 52.

(c) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- Series of NCDs applied for
- Number of NCDs Applied for in each series of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(d) With respect to Applications submitted to the Designated Intermediaries, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- Series of NCDs applied for
- Number of NCDs Applied for in each series of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(e) A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. **It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.**

(f) Applications can be rejected on the technical grounds listed on

399 or if all required information is not provided or the Application Form is incomplete in any respect.

(g) The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Shelf Prospectus and the relevant Tranche Prospectus ; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchanges.

(h) **Only Applications that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/ Allotment**. The Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the relevant Tranche Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or Management Committee of the Board reserves it's full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

(a) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicants' ASBA Account maintained with an SCSB;

(c) Applications not being signed by the sole/joint Applicant(s);

(d) Investor Category in the Application Form not being ticked;

(e) Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;

(f) Applications where a registered address in India is not provided for the non-Individual Applicants;

(g) In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);

(h) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;

(i) PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;

(j) DP ID and Client ID not mentioned in the Application Form;

(k) GIR number furnished instead of PAN;

(l) Applications by OCBs;

(m) Applications for an amount below the minimum application size;

(n) Submission of more than five ASBA Forms per ASBA Account;

(o) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;

(p) Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;

(q) Applications accompanied by Stockinvest/ cheque/ money order/ postal order/ cash;

(r) Signature of sole Applicant missing, or in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);

(s) Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;

(t) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant

(u) Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;

(v) Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediary, as the case may be;

(w) Applications not having details of the ASBA Account to be blocked;

(x) In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN;

(y) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;

(z) SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;

(aa) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;

(bb) Authorization to the SCSB for blocking funds in the ASBA Account not provided;

(cc) Applications by any person outside India;

(dd) Applications not uploaded on the online platform of the Stock Exchange;

(ee) Applications uploaded after the expiry of the allocated time on the relevant Tranche Issue Closing Date, unless extended by the Stock Exchange, as applicable;

(ff) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, this Shelf Prospectus and the relevant Tranche Prospectus and as per the instructions in the Application Form, this Shelf Prospectus and the relevant Tranche Prospectus;

(gg) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

(hh) Applications providing an inoperative demat account number;

(ii) Applications submitted to the Designated Intermediaries other than the Collection Centers or at a Branch of a SCSB which is not a Designated Branch;

(jj) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB;

(kk) Investor Category not ticked;

(ll) In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;

For information on certain procedures to be carried out by the Registrar to the Offer for finalization of the basis of allotment, please see "*Information for Applicants*" below.

Information for Applicants

Upon the closure of the Issue, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchanges and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database and prepare list of technical rejection cases. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such Applications or treat such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

BASIS OF ALLOTMENT

Basis of Allotment for NCDs

As specified in the relevant Tranche Prospectus.

Allocation Ratio

Reservations shall be made for each of the Portions as specified relevant Tranche Prospectus.

Retention of oversubscription

As specified in the relevant Tranche Prospectus

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the relevant Tranche Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment. The Allotment Advice for successful Applicants will be mailed to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchanges where the NCDs are proposed to be listed are taken within six Working Days from the relevant Tranche Issue Closing Date.

Application Amount shall be unblocked within six Working Days from the relevant Tranche Issue Closing Date or such lesser time as may be specified by SEBI or else the application amount shall be unblocked in the ASBA Accounts of the applicants forthwith, failing which interest shall be due to be paid to the applicants in accordance with applicable law.

Our Company will provide adequate funds required for dispatch of Allotment Advice, as applicable to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

In case of Applications were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB to unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchanges and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the relevant Tranche Issue Closing Date, the same can be done by submitting a withdrawal request in writing duly signed by the respective applicants to the Registrar to the Issue which should be received by the Registrar prior to the finalization of the Basis of Allotment.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE and notice No: NSE/CML/2012/0672 dated August 7, 2012 issued by NSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the stock exchange(s), by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange(s) as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the relevant Tranche Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day (till 1:00 PM) after the relevant Tranche Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialised form. In this context:

(i) Tripartite agreement dated December 12, 2018 among our Company, the Registrar and CDSL and Tripartite

Agreement dated December 19, 2018 among our Company, the Registrar and NSDL, respectively for offering depository option to the investors.

(ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.

(iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

(iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

(v) Non-transferable Allotment Advice will be directly sent to the Applicant by the Registrar to the Issue.

(vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. The Stock Exchanges have connectivity with NSDL and CDSL.

(vii) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

(viii) The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form only.

Please also refer to "*Instructions for filling up the Application Form – B. Applicant's Beneficiary Account Details*" on page 403.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGES SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in the Issue (except the Applications made through the Trading Members of the Stock Exchanges) should be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where the Application was submitted, ASBA Account number in which the amount equivalent to the Application Amount was blocked.

Applicants may contact our Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Interest in case of Delay

Our Company undertakes to pay interest, in connection with any delay in allotment and demat credit, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

Statement by the Board:

(a) All monies received pursuant to the Issue shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013.

(b) Details of all monies utilised out of the Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

(d) the details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;

(e) Undertaking by our Company for execution of Debenture Trust Deed;

(f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in the Draft Shelf Prospectus, this Shelf Prospectus and the relevant Tranche Prospectus, on receipt of the minimum subscription of 75% of the Base Issue and receipt of listing and trading approval from the Stock Exchange;

(g) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property business, dealing in equity of listed companies or lending/investment in group companies;

(h) Application money shall be unblocked within six Working Days from the closure of the Issue or such lesser time as may be specified by SEBI failing which interest shall be due to be paid to the applicants for the delayed period, if applicable in accordance with applicable law;

(i) Details of all monies unutilised out of the previous issues made by way of public offer, if any, shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the securities or other forms of financial assets in which such unutilized monies have been invested;

(j) Details of all monies utilised out of the previous issue made by way of public offer shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilized.

Other Undertakings by our Company

Our Company undertakes that:

(a) Complaints received in respect of the Issue (except for complaints in relation to Applications submitted to Trading Members) will be attended to by our Company expeditiously and satisfactorily;

(b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;

(c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of the relevant Tranche Issue Closing Date;

(d) Funds required for dispatch of Allotment Advice/NCD Certificates (only upon rematerialisation of NCDs at the specific request of the Allottee/ Holder of NCDs) will be made available by our Company to the Registrar to the Issue;

(e) Our Company will forward details of utilisation of the proceeds of the Issue, duly certified by the Statutory Auditor, to the Debenture Trustee on a half-yearly basis;

(f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue as contained in this Shelf Prospectus and the relevant Tranche Prospectus;

(g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report;

Our Company shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

SECTION VIII- SUMMARY OF KEY PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Act the main provisions of the AOA relating to the issue and allotment of debentures and matters incidental thereto. Please note that each provision herein below is numbered as per the corresponding article number in the AOA. All defined terms used in this section have the meaning given to them in the AOA. Any reference to the term "Article" hereunder means the corresponding article contained in the AoA.

Sub-division, consolidation, re-issuance and cancellation of Debentures

Article 9A provides that the Board may from time to time at its discretion, by a resolution passed at a meeting of the Board re-issue and/or consolidate Debentures or other securities and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company in accordance with provisions of Applicable Law.

Any Debentures or other securities may be consolidated and/or re-issued at a discount, subject to provisions of Section 53 of Companies Act, 2013 and Applicable Law, premium or otherwise and may be re-issued for such periods and/or at such rate of interest as the Board may think fit subject to applicable provisions existing at the time of re-issue, and with or without conversion and/or on such terms and conditions and with such privileges, rights and conditions in connection with such Debentures.

Register of Members and index

Article 23 provides that a Member, or other Security holder or Beneficial Owner may make inspection of Register of Members and annual return. Any person other than the Member or Debenture holder or Beneficial Owner of the Company shall be allowed to make inspection of the Register of Members and annual return on payment of ₹ 50 or such higher amount as permitted by Applicable Law as the Board may determine, for each inspection. Inspection may be made during business hours of the Company during such time, not being less than 2 hours on any day, as may be fixed by the Company Secretary from time to time.

Foreign Registers

Article 25 provides that the Company may also keep a foreign register in accordance with Section 88 of the Companies Act, 2013 containing the names and particulars of the Members, Debenture- holders, other Security holders or Beneficial Owners residing outside India; and the Board may (subject to the provisions of aforesaid Section) make and vary such regulations as it may think fit with respect to any such register.

Issue of new certificate in place of one defaced, lost or destroyed

Article 28 provides that if any certificate be worn out, defaced, mutilated, old/ or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation then upon production and surrender such certificate to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence produced as the Board deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the article shall be issued in case of splitting or consolidation of Share certificate(s) or in replacement of Share certificate(s) that are defaced, mutilated, torn or old, decrepit or worn out without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹50 for each certificate) as the Directors shall prescribe.

Article 29 provides that no duplicate certificate shall be issued in lieu of those that are lost or destroyed, without the prior consent of the Board and only on furnishing of such supporting evidence and/or indemnity as the Board may require, and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence produced, without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹50 for each certificate) as the Directors shall prescribe.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956, as amended or any other Applicable Law; Provided further that the Company shall comply with the provisions of Section 46 of the Companies Act, 2013 and other Applicable Law, in respect of issue of duplicate Shares.

Article 30 provides that the provision of Article 28 and Article 29 shall mutatis mutandis apply to issue of certificates of Debentures of the Company.

Underwriting and Brokerage
Commission may be paid

Article 32 provides that subject to the provisions of Section 40(6) of the Companies Act, 2013 and Applicable Law made thereunder, and subject to the applicable SEBI guidelines and subject to the terms of issue of the Shares or Debentures or any Securities the Company may at any time pay a commission out of proceeds of the issue or profit or both to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely on conditionally) for any Shares in or Debentures of the Company, or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for Shares or Debentures of the Company but so that the commission shall not exceed in the case of Shares, five per cent of the price at which the Shares are issued, and in the case of Debentures, two and a half per cent of the price at which the Debentures are issued or at such rates as may be fixed by the Board within the overall limit prescribed under the Companies Act, 2013 or Securities and Exchange Board of India Act, 1992. Such commission may be satisfied by payment in cash or by allotment of fully or partly paid Shares, Securities or Debentures or partly in one way and partly in the other.

Brokerage

Article 33 provided that our Company may, subject to applicable law, pay a reasonable and lawful sum for brokerage to any person for subscribing or procuring subscription for any securities of our Company, at such rate as sanctioned by the Managing Director.

Transfer books when closed

Article 72 provides that the Board shall have power to give at least seven days' previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated, in accordance with Section 91 of the Companies Act, 2013 and Applicable Laws, to close the transfer books, the Register of Members, Register of Debenture holders or the Register of other Security holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as it may deem expedient.

Nomination

Article 78 provides that every holder of Shares or Debentures may at any time nominate, in the manner prescribed under the Act, a person to whom his Shares or Debentures shall vest in the event of death of such holder.

Article 79 provides that where the Shares or Debentures are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Shares or Debentures, as the case may be, held by them shall vest in the event of death of all joint holders.

Article 80 provides that notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such Shares or Debentures, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Shares or Debentures, the nominee shall, on the death of the shareholders or holder of Debentures or, as the case may be, on the death of all the joint holders become entitled to all the rights in the Shares or Debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the provisions of the Act.

Article 81 provides that where the nominee is a minor, it shall be lawful for the holder of the Shares or holder of Debentures to make the nomination to appoint, in the prescribed manner under the provisions of the Act, any person to become entitled to the Shares in or Debentures of the Company, in the event of his death, during his minority.

Transmission in the name of nominee

Article 82 provides that any person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy or insolvency of any Member, or the marriage of a female Member, or by any lawful means other than by a transfer in accordance with These Presents, may, with the consent of the Board of Directors and subject as hereinafter provided, elect either to be registered himself as holder of the Shares or Debentures, as the case may be, or to make such transfer of the Shares or Debentures, as the case may be, as the deceased shareholder or Debenture holder, as the case may be, could have made.

Provided that it shall be lawful for the Directors in their absolute discretion to dispense with the production of any evidence including any legal representation upon such terms as to indemnity or otherwise as the Directors may deem fit.

Provided further, that if such nominee shall elect to have his proposed transferee registered, he shall testify the election by executing in favour of his proposed transferee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Shares.

Article 83 provides that the Board shall, in the event that the nominee is desirous of either registering himself as the holder of the Shares or Debentures or transferring such Shares or Debentures, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent Member had transferred the Share before his death or insolvency.

Article 84 provides that if the nominee, so becoming entitled, elects himself to be registered as holder of the Shares or Debentures, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with death certificate of the deceased holder of the Share or Debenture and the certificate(s) of Shares or Debentures, as the case may be, held by the deceased in the Company.

Article 87 provides that subject to the provisions of Section 56 of the Companies Act, 2013 and these Articles, the Board may register the relevant Shares or Debentures in the name of the nominee of the transferee as if the death of the registered holder of the Shares or Debentures had not occurred and the notice or transfer were a transfer signed by that holder of a Share or Debenture holder, as the case may be.

Article 88 provides that a nominee on becoming entitled to Shares or Debentures by reason of the death of the holder or joint holders shall be entitled to the same Dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture, except that he shall not before being registered as holder of such Shares or Debentures, be entitled in respect of them to exercise any right conferred on a Member or Debenture holder in relation to Meetings of the Company.

Article 89 provides that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Shares or Debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all Dividends, bonus, interest or other moneys payable or rights accrued or accruing in respect of the relevant Shares or Debentures, until the requirements of the notice have been complied with.

Dematerialization of Securities

Articles 95 provides that our Board shall be entitled to dematerialize the securities or to offer securities in a dematerialized form pursuant to the Depositories Act, 1996, as amended from time to time. All securities held by a depository shall be dematerialized and be in fungible form.

Conditions on which money may be borrowed

Article 108 provides that subject to applicable law and the obtaining of the consent of the members of our Company by a Special Resolution as may be required, our Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, or other Securities, or any mortgage, or other security on the undertaking of the whole or any part of the property of our Company (both present and future including its uncalled capital for the time being.

Terms of issue of Debentures

Article 109 provides that any Debentures or other Securities may be issued on such terms and conditions as the Board may think fit in compliance with Applicable Law. Debentures and other Securities may be made assignable free from any equities from the Company and the person to whom it may be issued. Debentures or other Securities with a right of conversion into or allotment of Shares shall be issued only with such sanctions as may be applicable.

Instrument of transfer

Article 110 provides that no transfer of Debentures shall be registered unless a proper instrument of transfer duly executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the Debentures. The Company may issue non-transferable Debentures and accept an assignment of such instruments.

Delivery of certificates

Article 111 provides that the delivery by the Company of certificates upon allotment or registration of transfer of any Debentures shall be governed and regulated by Section 56 of the Companies Act, 2013.

Register and index of Debenture holders

Article 114 provides that the Company shall, if at any time it issues Debentures, keep a Register and Index of Debenture holders in accordance with Section 88 of the Companies Act, 2013. The Company shall have the power to keep in any country outside India a Foreign Register containing the particulars of Debenture holders or any other Securities or beneficial owners, resident outside India, in the manner prescribed under the Act.

GENERAL MEETINGS

Article 121 provides that where permitted or required by Applicable Law, the Board may, instead of transacting such business at a General Meeting of any Members/ class of Members/ Debenture holders, seek their assent by Postal Ballot, including by means of e-voting. Such Postal Ballot will comply with the provisions of Applicable Law in this behalf.

Passing of resolution by Postal ballot

Article 152 provides that where permitted or required by Applicable Law, the Board may, instead of transacting such business at a General Meeting of any Members/ class of Members/ Debenture holders, seek their assent by Postal Ballot, including by means of e-voting. Such Postal Ballot will comply with the provisions of Applicable Law in this behalf.

Article 153 provides that where permitted/required by Applicable Law, the Board may provide Members/Members of a class/Debenture holders the right to vote through e-voting, complying with Applicable Law.

Absolute powers of Board in certain cases

Article 245.8 provides that subject to the provisions of the Act and Applicable Laws, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in Shares, Debentures, mortgages, or other Securities of the Company, and such Shares may be issued either as fully Paid Up or with such amount credited as Paid Up thereon as may be agreed upon all or any part of the property of the Company and its uncalled Capital or not so charged;

Article 245.11 provides that to borrow or raise or secure the payment of money in such manner as the Company shall think fit and in particular buy the issue of Debentures, perpetual or otherwise charged upon all or any of the Company's property (both present and future).

Article 245. 24 provides that Before recommending any Dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund, or Sinking fund, or any Special Fund to meet contingencies or to repay Debentures, or for special Dividends or for equalized Dividends or for repairing, improving, extending and maintaining any of the property of the Company or for such other purpose (including the purposes referred to in the preceding article), as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to Section 179 of the Companies Act, 2013 to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expand all or any part thereof for the benefit of the Company, in such manner and for such purpose as the Board in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the reserve into such special Funds as the Board may think fit, with full power to transfer the whole, or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division, of a Reserve Fund and with full power to employ the assets constituting all or any of the above Funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Debentures or Debenture stock, and without being bound to keep the same, separate from the other assets ,and without being bound to pay interest on the same with power, however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.

SECTION IX - MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated at Magma House, 24, Park Street, Kolkata, West Bengal 700 016, India from 10.00 A.M. to 5.00 P.M. on any Business Day during which the issue is open for public subscription under the respective Tranche Prospectus.

A. Material Contracts

1. Issue Agreement dated January 14, 2019 between the Company and the Lead Managers.
2. Registrar Agreement dated January 8, 2019 with the Registrar to the Issue.
3. Debenture Trustee Agreement dated January 8, 2019 executed between the Company and the Debenture Trustee.
4. Tripartite agreement dated December 12, 2018 among our Company, the Registrar and CDSL.
5. Tripartite agreement dated December 19, 2018 among our Company, the Registrar and NSDL.

B. Material Documents

1. Certificate of Incorporation of the Company dated December 18, 1978, issued by the RoC.
2. Memorandum and Articles of Association of the Company, as last amended.
3. The certificate of registration No. B-05.02795 dated September 23, 2008 issued by Reserve Bank of India under section 45 IA of the Reserve Bank of India Act, 1934.
4. Credit rating letter and rationale dated December 21, 2018 and December 27, 2018 respectively and the revalidation letter dated March 28, 2019 from Brickworks and credit rating letter, rationale both dated December 28, 2018 and the revalidation letter dated March 28, 2019 from Acuité.
5. Copy of the Board Resolution dated November 2, 2018 approving the Issue.
6. Copy of the resolution passed by the shareholders of the Company by way of a postal ballot held dated June 17, 2014 approving the overall borrowing limit of the Company.
7. Copy of the resolution of the Management Committee of the Board dated January 15, 2019 approving the Draft Shelf Prospectus.
8. Copy of the resolution of the Management Committee of the Board dated March 29, 2019 approving this Shelf Prospectus.
9. Consents of the Directors, Lead Managers to the Issue, CFO of our Company, Company Secretary and Compliance Officer of our Company, Debenture Trustee, Credit Rating Agencies for the Issue, Legal Advisor to the Issue, Bankers to the Company, CRISIL for the Industry Report and the Registrar to the Issue, to include their names in this Shelf Prospectus.
10. The consent of our Statutory Auditors, namely BSR & Co LLP, for inclusion of; (a) their name as our Statutory Auditor, and (b) examination reports on the Reformatted Financial Information; (c) the Q2 Unaudited Financial Results and (d) the Q3 Unaudited Financial Results, in this Shelf Prospectus.
11. Annual Report of our Company for the last five Fiscals.
12. The consent of R B S C & Co., chartered accountants, for inclusion of the Statement of Tax Benefits, in this Shelf Prospectus.
13. Statement of tax benefits dated January 14, 2019 issued by R B S C & Co., chartered accountants.

14. Due Diligence certificates dated March 29, 2019 filed by the Lead Managers with SEBI.
15. In-principle listing approval from BSE and NSE dated January 23, 2019.
16. Report from CRISIL Research titled “NBFC Report” released in India in August, 2018.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all applicable legal requirements in connection with the Issue including the relevant provisions of the Companies Act, 2013, as amended, relevant provisions of Companies Act, 1956, as applicable and rules prescribed thereunder to the extent applicable as on this date, the guidelines issued by the Government of India and the regulations and guidelines and circulars issued by the Reserve Bank of India in connection with the Issue and the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended, as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended and rules made thereunder in connection with the Issue have been complied with and no statement made in this Shelf Prospectus is contrary to the relevant provisions of any acts, rules, regulations, guidelines and circulars as applicable to this Shelf Prospectus.

We further certify that all the disclosures and statements in this Shelf Prospectus are true, accurate and correct in all material respects and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Shelf Prospectus does not contain any misstatements.

Signed by the Board of Directors of the Company

Mayank Poddar
Chairman Emeritus and Whole Time Director

V. K. Viswanathan
Independent Director

Narayan K. Seshadri
Chairman and Independent Director

Satya Brata Ganguly
Independent Director

Sanjay Chamria
Vice-chairman and managing Director

Madhumita Dutta-Sen
Non-executive Director

Vijayalakshmi Rajaram Iyer
Additional Director in the capacity of
Independent Director

Place: March 29, 2019

Date: Mumbai

ANNEXURE A

Brickwork Ratings ™

SEBI Registered
RBI Accredited
NSIC Empanelled

BWR/NCD/ERC/RB/0857/2018-19 **28 Mar 2019**

Mr. Atul Tibrewal
Vice President
Magma Fincorp Limited
Park Centre Building, No 24, Park Street
Kolkata - 700016

Dear Sir,

Sub: Validation of Rating for Magma Fincorp Ltd.'s Proposed Public Issue of Secured NCD issue of Rs 1000 crs rated by Brickwork Ratings.

Ref: Your email dated 27 Mar 2019

We wish to advise that your Company's Proposed Public Issue of Secured NCD issue of Rs 1000 crs carries **BWR AA (Pronounced BWR Double A) (Outlook: Stable)** as advised vide our letter BWR/NCD/HO/ERC/MM/0596/2018-19 dated 21 Dec 2018 with validity up to 20 Dec 2019. As on date, the company has informed that they have not raised the rated amount.

Instruments with BWR AA rating are considered to have a high **degree of safety** regarding timely servicing of financial obligations. Such instruments carry **very low credit risk**.

Please note that all the terms and conditions of our earlier letter BWR/NCD/HO/ERC/MM/0596/2018-19 dated 21 Dec 2018 remain unchanged.

Please note to furnish complete details of borrowings under the above issue, as and when is completed.

Best Regards,

Rajat Bahl
Chief Analytical Officer & Head – Financial Institutions

Brickwork Ratings India Pvt. Ltd. Bangalore

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

10th ANNIVERSARY

Brickwork Ratings

SEBI Registered
RBI Accredited
NSIC Empanelled

BWR/NCD/HO/ERC/MM/0596/2018-19 21-Dec-2018

Mr. Atul Tibrewal
Vice President
Magma Fincorp Limited
Park Centre Building, No 24, Park Street
Kolkata - 700016

Dear Sir,

Sub: Rating of *Magma Fincorp Limited's Proposed Public Issue of Secured* NCD issue of ₹ 1000 Crs (₹ One Thousand Crores Only) with a tenor up to 10 Years

Thank you for giving us an opportunity to undertake rating of Proposed Secured NCD issue of Rs. 1000 Crores of Magma Fincorp Limited. Based on the term sheet of the NCD shared with us, information and clarifications provided by your company, as well as information available in public sources, Brickwork Ratings is pleased to inform you that **Magma Fincorp Limited's Proposed Public Issue of Secured NCD issue of ₹ 1000 Crs** has been assigned a rating of **BWR AA (Pronounced as BWR Double A) (Outlook: Stable).** Instruments with this rating are considered to have **high degree of safety** regarding timely servicing of financial obligations. Such instruments carry very **low credit risk.**

The Rating is valid for one year from the date of this letter and subject to the terms and conditions that were agreed in your mandate dated 18 Dec 2018 and other correspondence, if any and Brickwork Ratings standard disclaimer appended below. Brickwork Ratings would conduct surveillance every year till maturity/redemption of the instrument. Please note that Brickwork Ratings would need to be kept informed of any significant information/development that may affect your Company's finances/performance without any delay.

Please let us have your acceptance for the above rating within two days of this letter. Unless acceptance is conveyed by the said date, the rating should not be used for any purpose whatsoever.

Best Regards,

Manjunatha MSR
Head-Ratings Administration

Brickwork Ratings India Pvt. Ltd., Bangalore

Note: Rating Rationale of all accepted Ratings are published on Brickwork Ratings website. All non-accepted ratings are also published on Brickwork Ratings website . Interested persons are well advised to refer to our website www.brickworkratings.com, If they are unable to view the rationale, they are requested to inform us on brickworkhelp@brickworkratings.com.

Brickwork Ratings India Pvt. Ltd.

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CIN: U67190KA2007PTC043591

Rating Rationale **27 Dec 2018**

Magma Fincorp Limited

Brickwork Ratings assigns the following ratings for Proposed Public Issue of Secured NCD issue of ₹ 1000 Crores of Magma Fincorp Limited (hereafter referred to as "MFL" or "Company")

Particulars:

Instrument	Amount (Rs. Crs)	Tenor	Rating*
Proposed Public Issue of Secured NCD	1000	Upto 10 Years	BWR AA (Pronounced as BWR Double A) (Outlook:Stable)

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Brickwork Ratings also reaffirms the following ratings for outstanding debt issues:

Instrument	Previous Amount (Rs in Cr)	Present Amount (Rs in Cr)	Previous Rating (June 2018)	Present Rating
Subordinated NCD	430.30	370.30	BWR AA (Pronounced as BWR Double A) Outlook: Stable	BWR AA (Pronounced as BWR Double A) Outlook: Stable
IPDI	127.10	127.10	BWR AA- (Pronounced as BWR Double A Minus) Outlook: Stable	BWR AA- (Pronounced as BWR Double A Minus) Outlook: Stable

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of the Company up to FY18, unaudited financial results for H1FY19, projected financials, publicly available information, and information/clarifications provided by the Company's management.

The rating assignment factors, *inter alia*, the experienced & professional management in place, diversified portfolio with improved collection efficiency, diversified funding sources, improved financial profile, and adequate capital position. The rating is, however, constrained by the moderate asset quality, challenges in maintaining a healthy liquidity position and the competitive scenario in the NBFC space.

Description of Key Rating Drivers

Credit Strengths:

Experienced management team with proven track record: Mr Mayank Poddar, the Chairman Emeritus, Mr. Sanjay Chamria, Vice Chairman and MD have over three decades of experience in financial services sector with experienced independent and nominee directors on the board. The company has professional management to take care of different aspects of the business.

Pan India Presence with diversified asset portfolio: MFL is present in 21 states and Union territory across India with strong network of 306 branches with presence in utility vehicles/cars, construction equipment, commercial vehicles, used assets, tractors, SME loan and loan against property (LAP). Over the last 12 months, the company has rebalanced its portfolio to improve quality of the loan book.

Growth in AUM: In H1FY19, the AUM has grown to Rs 16,623 Crs when compared to Rs 15,688 Crs in H1FY18, mainly due to improved disbursements in H1FY19 which stood at Rs 4,040 Crs when compared to Rs 3,115 Crs for H1FY18. This has resulted in Revenue from operations of Rs 1099.45 Crs and PAT of Rs 122.05 Crs for H1FY19 when compared to Rs 1063.21 Crs and PAT of Rs 90.13 Crs for H1FY18.Adequate Capitalization and improved NIM: Magma has raised Rs. 500 crores in equity capital through Qualified Institutional Placement (QIP) in April 2018. As a result, CRAR has further improved to 22.10% as on H1FY19 (19.30% H1FY18). Tier I Capital comprises of 17.20 %, which is well above the minimum requirement of 15% stipulated by RBI. This sets a strong foundation for further growth going forward. NIM has improved from 8.40% in H1FY18 to 9%.

Credit Risks:

Moderate Asset quality: The company has adopted IND AS accounting standards effective from 1 April 2018 and asset quality ratios are calculated basis On Book AUM (excluding direct assignment book). Gross Stage 3 Assets (GNPA) and Net Stage 3 Assets (NNPA) as on H1FY19 stood at 9.5% and 4.4% when compared to 11.7% & 6.8% respectively for H1FY18. Improving asset quality by strengthening credit appraisal will be a key rating monitorable.

Liquidity Position: The ALM profile of MFL as on 30 Sep 2018 demonstrates mismatches in the short to medium term due to high debt repayment obligations in H2FY19 including CPs. However, the company maintains adequate liquidity buffer in the form of un-utilized bank lines. Ability to raise funds from diversified sources will be key rating sensitivity.

Inherent Risks: Currently, NBFC sector in India is facing liquidity challenges, resulting in increased borrowing costs and potential ALM mismatches in the short term. This will adversely affect spread for NBFCs. Also raising short term funds is a challenge, and arranging long term secured funds takes time. Further, being in the competitive landscape of NBFCs, the Company is exposed to risks of growth with quality and spreads, and increasing regulatory responsibilities.

Analytical Approach

MFL is rated on a consolidated basis. For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

About the Company

Magma Fincorp Limited (MFL) is a Systemically Important Non-deposit taking NBFC. The Company started its operations in 1989 and as of 30 Sep 2018 it has an Asset under Management (AUM) of ₹ 16,623 Crores. The company is promoted by Mr. Sanjay Chamria and Mr. Mayank Poddar. It is a BSE/NSE listed company and as of 30 Sep 2018, Promoters held 24.42% stake, FIIs hold 26.19%, 12.24 % is held by overseas bodies and the rest is held by domestic investors and Public.

Mr. Mayank Poddar is the Chairman Emeritus; Mr. Narayan K Seshadri is the Independent Non-Executive Chairman and Mr. Sanjay Chamria is the Vice Chairman and Managing Director of MFL. Besides them the Board of Directors consists of one Nominee Director of International Finance Corporation (IFC) and two Independent Directors. The company also has well-qualified and experienced professionals looking after credit, collection, risk, marketing, audit and other support functions.

Magma Fincorp has a diversified product offering that includes loans for cars and utility vehicles, commercial vehicles (CV), construction equipment (CE), Agri-finance, Used vehicles, SME businesses and mortgage finance. It also undertakes housing finance and general insurance through its subsidiaries and Joint Ventures. The Company undertakes its operations through 306 branches spread across 21 states and union territory in the country.

Company Financial Performance

As per the audited financials for FY18, on a Standalone basis, Net Income from Operations stood at ₹ 1,194.49 Crores compared to ₹ 1,035.1 Crores for FY17. PAT has substantially increased from ₹ 6.10 Crores for FY17 to ₹ 202.49 Crores for FY18 largely on account of lower provisioning and lower finance cost due to decrease in borrowing cost from 10.23% in FY17 to 9.05% in FY18.

For H1FY19, on a Standalone basis, Net Income from Operations and PAT stood at Rs 609.68 Crs and 122.05 Crs when compared to Rs 542.55 Crs and Rs 90.13 Crs respectively.

The ALM profile of MFL as on 30 Sep 2018 demonstrates mismatches in the short to medium term due to high debt repayment obligations in H2FY19 including CPs. However, the company maintains adequate liquidity buffer in the form of un-utilized bank lines.

Key Financial Indicators

Key Parameters	Units	2017	2018
Result Type		**Audited**	**Audited**
AUM (Consolidated)	₹ Cr	16,101	15,555
Net Income from Operations	₹ Cr	1,035	1,194
PAT	₹ Cr	6.10	202.49
Tangible Net worth	₹ Cr	2010	2169
GNPA (90 dpd) (Consolidated)	%	8.8%	7.0%
NNPA (90 dpd) (Consolidated)	%	7.5%	5.2%
CRAR	%	20.40%	20.74%

Rating History for the last three years:

Sl. No.	Instrument	Current Rating (Dec 2018)			Rating History			
					2018 (12 -Jun -2018)	2018 (06-Feb-2018)	2017 (21-Mar-2017)	2016 (04-Aug-2016)
1	Subordinated NCD	Long Term	533	BWR AA Outlook: Stable	BWR AA Outlook: Stable	BWR AA Outlook: Negative	NA	NA
2	IPDI		156	BWR AA- Outlook: Stable	BWR AA- Outlook: Stable	BWR AA- Outlook: Negative	BWR AA- Outlook: Negative	BWR AA- Outlook: Stable
3	Proposed Public Issue of Secured NCD		1000	BWR AA Outlook: Stable	NA	NA	NA	NA

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Financial Institutions

Analytical Contacts	Media
Rajat Bahl *Head of Banking & Financial Sector Ratings* analyst@brickworkratings.com	media@brickworkratings.com **Relationship Contact** bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:
BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

Instruments Details

Name of the Instrument	Issue Size (Rs in Cr)	ISIN	Issue Date	Maturity Date	Coupon Rate	Amount Outstanding (Rs in Cr)	Rating
Subordinated NCD	**3**	INE511C08787	30-Mar-12	30-Mar-19	11.75%	3	BWR AA (Outlook:Stable)
	15	INE511C08787	30-Mar-12	30-Mar-19	11.75%	10	
		INE511C08803	6-Sep-12	6-Sep-22	11.50%	5	
	37.3	INE511C08787	30-Mar-12	30-Mar-19	11.75%	**12.3**	
		INE511C08803	6-Sep-12	6-Sep-22	11.50%	**20**	
		INE511C08829	17-Jan-13	17-Jan-23	11.00%	**5**	
	17.7	INE511C08829	17-Jan-13	17-Jan-23	11.00%	5	
		INE511C08860	23-Apr-13	21-Apr-23	10.70%	12.7	
	160	INE511C08845	11-Mar-13	11-Mar-20	11.00%	**55**	
		INE511C08852	19-Mar-13	19-Mar-20	11.00%	**60**	
		INE511C08860	23-Apr-13	21-Apr-23	10.70%	**35.3**	
		INE511C08886	26-Sep-13	26-Sep-23	10.90%	**9.7**	
	100	INE511C08886	26-Sep-13	26-Sep-23	10.90%	4.3	
		INE511C08985	7-Dec-16	7-Dec-26	10.40%	10	
		INE511C08985	7-Dec-16	7-Dec-26	10.40%	25	
		INE511C08993	14-Dec-16	14-Sep-22	10.30%	10	
		INE511C08AA9	28-Dec-16	28-Sep-22	10.30%	3	
		INE511C08AB7	3-Jan-17	3-Oct-22	10.30%	5	
		INE511C08AD3	6-Jan-17	6-Jan-27	10.40%	15	
		INE511C08AC5	6-Jan-17	6-Oct-22	10.30%	2	
		INE511C08AC5	6-Jan-17	6-Oct-22	10.30%	3	
		INE511C08AE1	24-Jan-17	24-Jan-27	10.40%	22.7	
	50	INE511C08AE1	24-Jan-17	24-Jan-27	10.40%	2.3	
		INE511C08AG6	3-Mar-17	3-Mar-27	10.25%	15	
		INE511C08AI2	18-May-17	18-May-27	10.10%	10	
		INE511C08AK8	7-Mar-18	6-Jun-25	10.20%	5	
		INE511C08AL6	28-Mar-18	28-Mar-28	10.00%	5	

	50	NA	NA	NA	NA	NA	
	100	NA	NA	NA	NA	NA	
Total	**533.0**					**370.3**	

Name of the Instrument	Size of the Issue (Rs in Cr)	ISIN	Issue Date	Maturity Date	Coupon Rate	Amount Outstanding (Rs in Cr)	Rating
PDI	**40**	INE511C08506	29-Mar-10	Perpetual	13.75%	20	**BWR AA-** Outlook: Stable
		INE511C08498	24-Mar-10	Perpetual	13.50%	10	
		INE511C08704	9-Dec-10	Perpetual	12.50%	10	
	50	INE511C08712	7-Jan-11	Perpetual	12.50%	15	
		INE511C08878	20-May-13	Perpetual	12.10%	25.5	
		INE511C08894	26-Sep-13	Perpetual	12.00%	9.5	
	40	INE511C08894	26-Sep-13	Perpetual	12.00%	15.5	
		INE511C08944	14-Jun-16	Perpetual	12.10%	3	
		INE511C08951	5-Jul-16	Perpetual	12.10%	1.7	
		INE511C08969	1-Aug-16	Perpetual	12.10%	10	
		INE511C08977	9-Sep-16	Perpetual	12.10%	3	
		INE511C08AF8	3-Feb-17	Perpetual	11.50%	1.9	
		INE511C08AH4	7-Mar-17	Perpetual	11.50%	1	
		INE511C08AJ0	4-Aug-17	Perpetual	11.50%	1	
	26	NA	NA	NA	NA	NA	
Total	**156**					**127.1**	

ANNEXURE B

Rating Revalidation Letter

Private and Confidential

2019/41470/MFL/RL/VN
March 28, 2019

Scan this QR Code to verify authenticity of this rating

Magma Fincorp Limited
Magma House,
24 Park Street,
Kolkata – 700091

Kind Attn.: Mr. Atul Tibrewal, AVP – VP and Head Treasury (Tel. No. 91 9831867069)

Dear Mr. Tibrewal,

Sub.: Credit Rating of Proposed Secured Redeemable Non-Convertible Debentures Issue by Magma Fincorp Limited Aggregating Rs. 1000.00 Cr

We refer to our letters dated December 18, 2018 (2018/39626/MFL/RL/VN)

Acuité Ratings & Research Limited has an outstanding rating of '**ACUITE AA**' read as [ACUITE Double A] with a 'Stable' outlook for the abovementioned debt instrument [see annexure 1]. As per Acuité's rating definition, instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

Kindly inform us the details of the NCDs being issued by you, immediately, but not later than 7 days from the date of such issuances in the following format:

Type of Instrument	ISIN	Issue Size (Rs. cr.)	Date of issue	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Names of top 10 investors

Acuité reserves the right to revise the ratings, along with the outlook, at any time, on the basis of new information, or other circumstances which Acuité believes may have an impact on the ratings. Such revisions, if any, would be appropriately disseminated by Acuité as required under prevailing SEBI guidelines and Acuité's policies. Hence lenders / investors are advised to visit https://www.acuite.in/ to confirm the current outstanding rating. Acuité ratings are not recommendations to buy, sell or hold any security.

Yours truly,
For Acuité Ratings & Research Limited

Suman Chowdhury

Suman Chowdhury
President – Ratings

Rating Revalidation Letter

ANNEXURE – I

Instrument	Scale	Amount (Rs. Cr)	Ratings
Secured Redeemable Non-Convertible Debentures (Proposed)	Long Term	1000.00	ACUITE AA/Stable
Total Debt		**1000.00**	

Acuite RATINGS & RESEARCH

Rating Letter - Intimation of Rating Action

Letter Issued on: December 28, 2018
Letter Expires on: December 17, 2019

Scan this QR Code to verify authenticity of this rating

Magma Fincorp Limited
Magma House,
24 Park Street,
Kolkata – 700091

Kind Attn.: Mr. Atul Tibrewal, VP and Head Treasury (Tel. No. 91 9831867069)

Dear Mr. Tibrewal,

Sub.: Rating(s) Assigned – Proposed Secured Redeemable Non-Convertible Debentures of Magma Fincorp Limited

Please note that the current rating(s) and outlook, instrument details, and latest rating action for the aforementioned instrument are as under:

	Long Term Instruments	Short Term Instruments
Total Rated Quantum (Rs. Cr.)	1,000.00	Not applicable
Quantum of Enhancement (Rs. Cr.)	Not applicable	Not applicable
Rating	ACUITE AA	Not applicable
Outlook	Stable	Not applicable
Most recent Rating Action	Assigned	Not applicable
Date of most recent Rating Action	December 28, 2018	Not applicable
Rating Watch	Not applicable	Not applicable

Acuité reserves the right to revise the ratings, along with the outlook, at any time, on the basis of new information, or other circumstances which Acuité believes may have an impact on the ratings. Such revisions, if any, would be appropriately disseminated by Acuité as required under prevailing SEBI guidelines and Acuité's policies.

This letter will expire on December 17, 2019 or on the day when Acuité takes the next rating action, whichever is earlier. It may be noted that the rating is subject to change anytime even before the expiry date of this letter. Hence lenders / investors are advised to visit https://www.acuite.in/ OR scan the QR code given above to confirm the current outstanding rating.

Acuité will re-issue this rating letter on December 18, 2019 subject to receipt of surveillance fee as applicable. If the rating is reviewed before December 17, 2019, Acuité will issue a new rating letter.

Suman Chowdhury

Suman Chowdhury
President - Rating Operations

Annexures: A. Details of the Rated Instrument
B. Details of the rating prior to the above rating action

Annexure A. Details of the rated instrument

Facility	Scale	Amt. (Rs. Cr)	Rating Assigned	Rating Outlook
Proposed Secured Redeemable Non-Convertible Debentures#	Long Term	1,000.00	ACUITE AA	Stable
Total Facility		**1,000.00**		

#For Public Issue

Annexure B. Details of the rating prior to the above rating action

	Long Term Instruments	Short Term Instruments
Previous Rated Quantum	Not applicable	Not applicable
Rating	Not applicable	Not applicable
Outlook	Not applicable	Not applicable

Acuite RATINGS & RESEARCH

Press Release

Magma Fincorp Limited (MFL)

December 28, 2018

Rating Assigned and Reaffirmed

Total facilities	**Rs. 1300.00 Cr.**
Instruments Rated*	**Rs. 1000.00 Cr.**
Long Term Rating	ACUITE AA/Stable (Assigned)
Instruments Rated*	**Rs. 300.00 Cr.**
Long Term Rating	ACUITE AA /Stable (Reaffirmed)

** Refer Annexure for details*

Rating Rationale

Acuité has assigned its long-term rating of **ACUITE AA (read as ACUITE double A)** to the Rs. 1000 Cr. Proposed Secured non-convertible debentures of Magma Fincorp Limited (MFL). The outlook is **'Stable'**.

Acuité has reaffirmed its long term rating of **ACUITE AA (read as ACUITE double A)** on the Rs. 300.00 Cr. Unsecured Subordinated Redeemable Nonconvertible Debentures of MFL. The outlook is **'Stable'**. The outstanding issuance for these NCDs has been to the extent of Rs. 133 Cr. as on date.

About the group:

Magma group has been promoted by Mr. Mayank Poddar and Mr. Sanjay Chamria. The group commenced its retail financing operations through asset backed financing for new cars, commercial vehicles and construction equipment and over the years diversified its product profile into tractor financing, used vehicle financing, and SME lending. In February 2013, the group acquired GE Money Housing Finance (renamed as Magma Housing Finance and later converted into Magma Housing Finance Limited) and home equity loan portfolio of GE Money Financial Services Private Limited. The acquisition enabled the Magma group to diversify into mortgage financing with loan against property and housing finance. Further, Magma Group has presence in general insurance segment through a 74 percent joint venture with HDI-Gerling Industrie Versicherung AG in Magma HDI General Insurance Limited.

About the company:

Incorporated as Magma Leasing Ltd, Magma Fincorp Limited (MFL) commenced operations in 1989 and is RBI registered systemically important non deposit taking non-banking financial company. Magma ITL Finance Limited, which was set up in joint venture with International Tractors Ltd (the manufacturer of Sonalika tractors) to finance tractors, has been merged with MFL in FY2018. The company is a leading retail financing NBFC in India with a focus on passenger car and utility vehicle finance, construction equipment and commercial vehicle loans, tractors financing, pre-owned vehicles financing, SME lending and mortgage finance. MFL has presence in 21 states in India and operates through a network of 306 branches as on September 30, 2018. The company's equity shares are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). As on September 2018, the promoter and his family held 24.42 percent of the aggregate shareholding and the remaining 75.58 percent were held by foreign and domestic institutional investors and public.

Analytical approach:

Acuité has taken a consolidated view on MFL and its subsidiaries and joint venture companies namely Magma Housing Finance Limited (MHFL), Jaguar Advisory Services Private Limited (JASPL- engaged in providing manpower services) and Magma HDI General Insurance Company Limited (MHDI). The consolidation is in view of the shared brand, common managerial team along with strong operational and financial synergies among the group companies.

Earlier, Acuité had taken a standalone approach to arrive at the rating on Magma Fincorp Ltd. The change in the stance is on account of the fact that mortgage finance segment has become a significant proportion of the overall AUM at 17 percent as on September 30, 2018 and has been identified as one of the key growth driver for the Magma group over the medium term.

Key Rating Drivers

Strengths

- **Established presence backed by strong managerial support:**
  Magma group, through its flagship company Magma Fincorp Limited forayed into lending business in 2001 primarily focusing towards retail lending. Over the years the group has established its market presence by diversifying its geographical presence and product profile. The group's credit risk profile is supported by seasoned managerial team with experience of over 30 years in asset financing segment.

  The group's business has started to see traction over the past two years after witnessing de-growth due to the asset quality and profitability challenges faced by the group. The disbursements grew by 30 percent to Rs. 4040 Cr. during the first half of FY2019 as against Rs. 3115 Cr during the corresponding period of the previous year. The overall asset under management (AUM) has grown to Rs.16623 Cr. as on September 30, 2018 from Rs. 15555 Cr. as on March 31, 2018 of which the own portfolio constituted 92 percent as on September 2018 as against 77 percent as on March 31, 2018. The strong growth in owned portfolio is a result of reclassification of PTC transactions to own portfolio as per IND AS classification. The group has diversified presence across three business segments namely asset backed financing, mortgage backed financing and lending to SMEs The group is engaged in financing of car and utility vehicles, new and old SCVs and LCVs, construction equipment, loan against property, housing finance and SME financing. As on September 30, 2018, of the overall AUM Asset backed financing constituted 70 percent, SME financing constituted 13 percent and the remaining 17 percent were mortgage backed loans. Higher yielding segments such as used vehicles, light/small commercial vehicles, SMEs, and affordable housing are expected to drive the growth in loan AUM over the next few years.

  Acuité believes that the Magma group's business profile will continue to benefit from the established presence in the retail finance segment backed by strong managerial support along with diversified product portfolio and strong presence in the rural and semi-urban areas.

- **Adequate capitalisation**
  Magma group has adequate capitalisation underpinned by tangible networth of Rs. 2580.4 Cr as on September 30, 2018 as against Rs. 2319.5 Cr as on March 31, 2018. Magma group has over the years demonstrated its ability to raise capital through institutional investors. MFL raised Rs. 500 Cr. by way of Qualified Institutional Placement in the first quarter of FY2019 to support its growth plans over the medium term. However, the group's networth was impacted due to higher provision for NPAs under the IND-AS guidelines. The group reported gearing of 4.45 times as on September 30, 2018 as against 4.24 times as on March 31, 2018. The gearing has remained moderate over the past few years on account of the slower business growth of the group.

  MFL's capitalization remained comfortable with overall capital adequacy ratio (CAR) of 22.1 percent as on September 30, 2018 as against 20.7 percent as on March 31, 2018. Further, Magma Housing Finance Limited's capital Adequacy stands comfortable at 29.6 percent as on September 30, 2018 (28.8 percent as on March 31, 2018).

  Acuité believes that the Magma group is adequately capitalized to support its growth prospects for over near to medium term.

Weaknesses

- **Gradual improvement in asset quality and profitability but remains lower than peers**
  Magma group's asset quality has been under pressure over the past few years because of deterioration across product segments and especially in the tractor financing segment. It was due to the economic downturn coupled with the group's focus on high risk-high yield customer segment. Additionally, events such as demonetization and two consecutive monsoon failures resulted in the continued pressure on asset quality, despite the group's enhanced focus on improving collections.

  The group has undertaken various measures across origination, underwriting, and collections to support the improvement in its asset quality. The new portfolio originated over the past two years has relatively better asset quality. In addition to good monsoons, the sale of NPAs to asset reconstruction companies in March 2017 also supported improvement in the asset quality. The group reported gross NPA of 7.0 percent as on March 31, 2018 (90+ dpd basis) as against 6.7 percent as on March 31, 2017 (120+ dpd basis). The group's consolidated gross NPAs was at 8.73 percent as on September 30, 2018 (as per IND-AS) as against 8.64 percent as on March 31, 2018 on a comparable basis. The car and tractor loans continue to dominate the overall delinquency levels. The group's strategy to take selective stance for future disbursements in tractor segment is likely to demonstrate positive impact on the asset quality and provisioning measures over the medium term. MFL's collection efficiency remained comfortable at 99.2 percent for the period April to October 2018. Magma Housing Finance Limited's collection efficiency also remained comfortable at 99.53 percent in this period.

The group's net NPAs improved to 3.99 percent as on September 30, 2018 as against 5.2 percent as on March 31, 2018. The provision coverage ratio has improved to 56.5 percent as on September 30, 2018 compared to 27.2 percent as on March 31, 2018 as the group made additional provisions for NPAs as it transitioned from IGAAP to IND AS.

The group's earning profile has improved gradually driven by the growth in net interest income supported by new business growth and decline in provision for NPAs. The group's return on average assets improved to 1.69 percent In FY2018 as against 0.09 percent in FY2017. The group's net interest margin increased to 9.61 percent in FY2018 as against 8.35 percent in FY2017. In FY2017 the group's profitability was subdued mainly because the group had incurred loss on sale of NPA accounts. However, the group's profitability remained lower than peers due to asset quality related issues and high operating expenses on account of investment in people, systems and processes.

The group's net interest margin and return on assets ratio were at 9.4 percent (annualized) and 1.9 percent (annualized) respectively during the first half of FY2019. The steady growth in loan portfolio coupled with declining trend in cost of borrowing (9.09 percent in FY2018 as against 10.29 percent in the earlier year) supported the group's earnings profile. The group profitability matrix is likely to remain moderated in the near term mainly on account of hardening interest rate scenario in capital markets and costlier bank funding leading to compression in net interest margins.

Acuité believes that the Magma group's ability to manage its asset quality while increasing the scale of operations will remain a key rating sensitivity, especially given the focus on high risk- high yield customer segment. Any sharp deterioration in asset quality will result in increase in provisioning cost and will adversely impact the overall earnings profile. Furthermore its ability to maintain competitive borrowing cost to support its profitability will remain a key rating monitorable.

Liquidity Position:

MFL had negative cumulative mismatches across maturity buckets of up to one year as on 30 September 2018 primarily due to the then upcoming maturity of commercial papers (CPs) and bank loan repayments. The company securitized a large proportion of its (both priority and non-priority sector eligible) advances portfolio which supported its liquidity profile. While the company has a sizeable proportion of debt repayments till March 2019, the company has adequate sanctioned but unutilized working capital lines (Rs. 1571 Cr as on 20 December 2018), which along with its ability to securitize its loan portfolio will help manage the liquidity profile. The company has additional bank limits under tie up to support business needs or in case of any future mismatch. Additionally, the gradual improvement in the short-term funding outlook for NBFCs may enable the group to roll over upcoming CP maturities. However, any excessive reliance on short-term debt could lead to asset-liability mismatch and thus could lead to a refinancing risk, and will remain a key monitorable.

Outlook: Stable

Acuité believes that Magma group's asset quality is expected to remain 'Stable' over the medium term owing to its established presence, diversified product and geographical profile and adequate capitalization. The outlook may be revised to 'Positive' in case of significant and higher than expected growth in scale of operations and improvement in profitability while maintaining asset quality. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in its asset quality or profitability margins

About the Rated Entity - Key Financials (Consolidated)

	Unit	FY18 (Audited)	FY17 (Audited)	FY16 (Audited)
Total Assets	Rs. Cr.	13671	13602	15486
Total Income*	Rs. Cr.	1392	1259	1299
PAT	Rs. Cr.	230	13	213
Net Worth	Rs. Cr.	2320	2206	2193.21
Return on Average Assets (RoAA)	(%)	1.7	0.1	1.41
Return on Average Net Worth(RoNW)	(%)	10.2	0.6	11.10
Total Debt/Tangible Net Worth (Gearing)	Times	4.2	4.6	5.4
Gross NPA	(%)	8.1	6.7	7.0
Net NPA	(%)	6.4	5.6	5.2

*** *Total income equals to Net interest income plus other income***

About the Rated Entity - Key Financials (Standalone)

	Unit	FY18 (Audited)	FY17 (Audited)	FY16 (Audited)
Total Assets	Rs. Cr.	11927	11400	12881
Total Income*	Rs. Cr.	1234	1071	1132
PAT	Rs. Cr.	202	6	187
Net Worth	Rs. Cr.	2196	2038	2031
Return on Average Assets (RoAA)	(%)	1.7	0.1	1.5
Return on Average Net Worth(RoNW)	(%)	9.6	0.3	10.9
Total Debt/Tangible Net Worth (Gearing)	Times	4.0	4.2	4.8
Gross NPA	(%)	8.6	7.1	7.4
Net NPA	(%)	6.9	5.9	5.5

*** *Total income equals to Net interest income plus other income***

Status of non-cooperation with previous CRA (if applicable)
None

Any other information
None

Applicable Criteria
- Criteria for Rating of Non-Banking Financing Entities - https://acuite.in/view-rating-criteria-10.htm
- Financial Ratios and Adjustments - https://www.acuite.in/view-rating-criteria-20.htm
- Default Recognition - https://www.acuite.in/view-rating-criteria-17.htm

Note on complexity levels of the rated instrument
https://www.acuite.in/criteria-complexity-levels.htm

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
February 02, 2018	Unsecured Subordinated Redeemable Nonconvertible Debentures (Tier II)	Long Term	10.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Nonconvertible Debentures (Tier II)	Long Term	15.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Nonconvertible Debentures (Tier II)	Long Term	25.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Nonconvertible Debentures (Tier II)	Long Term	5.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Nonconvertible Debentures (Tier II)	Long Term	15.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Nonconvertible Debentures (Tier II)	Long Term	5.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Nonconvertible Debentures (Tier II)	Long Term	3.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Nonconvertible Debentures (Tier II)	Long Term	10.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Nonconvertible Debentures (Tier II)	Long Term	35.00	ACUITE AA/Stable (Reaffirmed)
	Proposed Unsecured Subordinated Redeemable Nonconvertible Debentures (Tier II)	Long Term	27.00	ACUITE AA/Stable (Reaffirmed)
	Proposed Unsecured Subordinated Redeemable Nonconvertible Debentures (Tier II)	Long Term	50.00	ACUITE AA/Stable (Reaffirmed)
	Proposed Unsecured Subordinated Redeemable Nonconvertible Debentures (Tier II)	Long Term	100.00	ACUITE AA/Stable (Assigned)
	Unsecured Subordinated Redeemable Nonconvertible Debentures	Long Term	25.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Nonconvertible Debentures	Long Term	5.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Nonconvertible Debentures	Long Term	15.00	ACUITE AA/Stable (Reaffirmed)

March 22, 2017	Unsecured Subordinated Redeemable Nonconvertible Debentures	Long Term	5.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Nonconvertible Debentures	Long Term	3.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Nonconvertible Debentures	Long Term	10.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Nonconvertible Debentures	Long Term	35.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Nonconvertible Debentures	Long Term	15.00	ACUITE AA/Stable (Reaffirmed)
	Proposed Unsecured Subordinated Redeemable Nonconvertible Debenture	Long Term	37.00	ACUITE AA/Stable (Reaffirmed)
	Proposed Unsecured Subordinated Redeemable Nonconvertible Debenture	Long Term	50.00	ACUITE AA/Stable (Reaffirmed)
February 3, 2017	Unsecured Subordinated Redeemable Non-Convertible Debentures	Long Term	25.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Non-Convertible Debentures	Long Term	5.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Non-Convertible Debentures	Long Term	15.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Non-Convertible Debentures	Long Term	5.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Non-Convertible Debentures	Long Term	3.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Non-Convertible Debentures	Long Term	10.00	ACUITE AA/Stable (Reaffirmed)
	Unsecured Subordinated Redeemable Non-Convertible Debentures	Long Term	35.00	ACUITE AA/Stable (Reaffirmed)
	Proposed Unsecured Subordinated Redeemable Nonconvertible Debenture	Long Term	2.00	ACUITE AA/Stable (Reaffirmed)

	Proposed Unsecured Subordinated Redeemable Nonconvertible Debenture	Long Term	50.00	ACUITE AA/Stable (Assigned)
November 24, 2016	Proposed Unsecured Subordinated Redeemable Nonconvertible Debenture	Long Term	100.00	ACUITE AA/Stable (Assigned)

*Annexure – Details of instruments rated

ISIN	Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Rs. 1000.00 Cr.						
-	Proposed Secured Redeemable Non-Convertible Debentures	-	-	-	1000.00	ACUITE AA/Stable (Assigned)
Rs. 300.00 Cr.						
INE511C08985	Unsecured Subordinated Redeemable Non-Convertible Debentures	06-Dec-16	10.40%	07-Dec-26	10.00	ACUITE AA/Stable (Reaffirmed)
INE511C08985	Unsecured Subordinated Redeemable Non-Convertible Debentures	07-Dec-16	10.40%	07-Dec-26	25.00	ACUITE AA/Stable (Reaffirmed)
INE511C08993	Unsecured Subordinated Redeemable Non-Convertible Debentures	14-Dec-16	10.30%	14-Sep-22	10.00	ACUITE AA/Stable (Reaffirmed)
INE511C08AA9	Unsecured Subordinated Redeemable Non-Convertible Debentures	28-Dec-16	10.30%	28-Sep-22	3.00	ACUITE AA/Stable (Reaffirmed)
INE511C08AB7	Unsecured Subordinated Redeemable Non-Convertible Debentures	03-Jan-17	10.30%	03-Oct-22	5.00	ACUITE AA/Stable (Reaffirmed)
INE511C08AD3	Unsecured Subordinated Redeemable Non-Convertible Debentures	06-Jan-17	10.40%	06-Jan-27	15.00	ACUITE AA/Stable (Reaffirmed)
INE511C08AC5	Unsecured Subordinated Redeemable Non-Convertible Debentures	06-Jan-17	10.30%	06-Oct-22	2.00	ACUITE AA/Stable (Reaffirmed)

INE511C08AC5	Unsecured Subordinated Redeemable Non-Convertible Debentures	06-Jan-17	10.30%	06-Oct-22	3.00	ACUITE AA/Stable (Reaffirmed)
INE511C08AE1	Unsecured Subordinated Redeemable Non-Convertible Debentures	24-Jan-17	10.40%	24-Jan-27	25.00	ACUITE AA/Stable (Reaffirmed)
INE511C08AG6	Unsecured Subordinated Redeemable Non-Convertible Debentures	03-Mar-17	10.25%	03-Mar-27	15.00	ACUITE AA/Stable (Reaffirmed)
INE511C08AI2	Unsecured Subordinated Redeemable Non-Convertible Debentures	18-May-17	10.10%	18-May-27	10.00	ACUITE AA/Stable (Reaffirmed)
INE511C08AK8	Unsecured Subordinated Redeemable Non-Convertible Debentures	07-Mar-18	10.20%	06-Jun-25	5.00	ACUITE AA/Stable (Reaffirmed)
INE511C08AL6	Unsecured Subordinated Redeemable Non-Convertible Debentures	28-Mar-18	10.00%	28-Mar-28	5.00	ACUITE AA/Stable (Reaffirmed)
-	Proposed Unsecured Subordinated Redeemable Nonconvertible Debenture	-	-	-	167.00	ACUITE AA/Stable (Reaffirmed)

Contacts

Analytical	Rating Desk
Manish Saraf Head- - Financial Sector Ratings Tel: 022- 49294061 manish.saraf@acuite.in Leena Gupta Analyst - Rating Operations Tel: 022-49294035 leena.gupta@acuiteratings.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in

About Acuité Ratings & Research: *Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of* industries. It has its Registered and Head Office in Mumbai.

CATALYST
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January 01, 2019

CL/MUM/18-19/DEB/607

Magma Fincorp Limited
Magma House, 24
Park Street, Kolkata 700 016
West Bengal, India

Dear Ma'am/Sir

Sub: Proposed Public Offering of Secured Redeemable Non-Convertible Debenture ("NCDs") aggregating up to Rs. 1,000 crores ("Issue") of Magma Fincorp Limited ("Company").

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in the Draft Shelf Prospectus to be filed with the BSE Limited and National Exchange of India Limited (collectively the "**Stock Exchanges**") and to be forwarded to Securities and Exchange Board of India ("**SEBI**") and the Shelf Prospectus and the relevant tranche prospectus(es) to be filed with the Registrar of Companies, West Bengal at Kolkata ("**RoC**"), Stock Exchanges and SEBI in respect of the Issue and also in all related advertisements and communications sent pursuant to the Issue. The following details with respect to us may be disclosed in the Draft Shelf Prospectus, Shelf Prospectus, relevant tranche prospectus(es) and other Issue related material:

Name:	Catalyst Trusteeship Limited (Formerly GDA Trusteeship Limited)
Address:	'GDA House', Plot No 85, Bhusari Colony (Right), Kothrud, Pune – 411038
Tel:	022 - 49220543
Fax:	022 - 49220505
Email:	ComplianceCTL-Mumbai@ctltrustee.com
Website:	www.catalysttrustee.com
Contact Person:	Umesh Salvi
Investor Grievance e-mail:	grievance@ctltrustee.com
SEBI Registration No:	IND000000034

We confirm that we are registered with the SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate enclosed herein as **Annexure A** and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory/statutory authorities as required by law.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company.

We confirm that we will immediately inform you and the Lead Managers to the Issue ("**Lead Managers**") of any change to the above information until the date when the NCDs commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

This letter may be relied upon by you, the Lead Managers and the legal advisor to the Issue in respect of the Issue.

Sincerely

For **Catalyst Trusteeship Limited**

NClakhani

Authorized signatory

CC:

Edelweiss Financial Services Limited
14th Floor, Edelweiss House
Off C S T Road, Kalina
Mumbai 400 098

A.K. Capital Services Limited
30-39, Free Press House, 3rd Floor
Free Press Journal Marg 215
Nariman Point, Mumbai 400 021

Khaitan & Co
One Indiabulls Centre
13th Floor, Tower 1
841 Senapati Bapat Marg
Mumbai 400 013
Maharashtra, India

Annexure A

डिबेंचर न्यासी

प्ररूप ख
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000258

(विनियम 8)
(Regulation 8)

(Regulation 8A)

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

PERMANENT REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

CATALYST TRUSTEESHIP LIMITED
GDA HOUSE, PLOT NO. 85,
BHUSARI COLONY (RIGHT), PAUD ROAD
PUNE – 411 038
MAHARASHTRA

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।
as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।
2) Registration Code for the debenture trustee is **IND000000034**

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।
3) Unless renewed, the certificate of registration is valid from to

3) This Certificate of Registration shall be valid for permanent, unless suspended or cancelled by the Board.

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

स्थान Place : **MUMBAI**

तारीख Date : **JULY 29, 2016**

M J Sonparote
MEDHA SONPAROTE
प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

CATALYST TRUSTEESHIP LIMITED

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Annexure B

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India as a Debenture Trustee is true and correct:

1.	Registration Number	IND000000034
2.	Date of registration/ Renewal of registration	July 29,2016
3.	Date of expiry of registration	Permanent Registration
4.	If applied for renewal, date of application	N.A.
5.	Any communication from SEBI prohibiting the entity from acting as an intermediary	NIL
6.	Any enquiry/ investigation being conducted by SEBI	NIL
7.	Details of any penalty imposed by SEBI	NIL

CATALYST TRUSTEESHIP LIMITED